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ABSTRACT

This study examined the impact of welfare reform on housing owned by community development corporations (CDCs), investigating how early implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) affected the financial status of CDCs' affordable housing developments. Five types of financial impacts were considered: tenant incomes and employment; other tenant behaviors; late payments; turnover; and aggregate changes in CDC income and expenses. The study examined four CDCs in each of six cities: Atlanta, Georgia; Cleveland, Ohio; Chicago, Illinois; Minneapolis, Minnesota; New York, New York; and San Francisco, California. Research methodology included interviews with CDC staff, tenant representatives, and leaders from other civic institutions; follow-up questionnaires of key respondents; and focus groups with tenants. Overall, among those organizations that engaged in various nonhousing activities or viewed their missions as including community development in broader terms, many were already providing job training, child care, or other social services that might be thought of as responding to welfare reform. These groups reported that such efforts had little to do with the advent of welfare reform. While many CDC staffers were concerned about the impact of welfare reform laws on impoverished communities, they reported little evidence of increased problems and found most changes in their neighborhoods to be positive. (SM)

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# Community Development Corporations and Welfare Reform:

## Linkages, Roles, and Impacts

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# COMMUNITY DEVELOPMENT CORPORATIONS AND WELFARE REFORM:

## Linkages, Roles, and Impacts

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# EXECUTIVE SUMMARY

In 1996, Congress passed and the President signed into law the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This legislation made far-reaching changes to the nation's public assistance programs and represents the culmination of several years of debate over issues of "welfare reform." Remarkably absent from the Congressional debate over welfare reform was the relationship between changes in public assistance and the nation's housing assistance programs.

In an effort to learn more about the early impacts of welfare reform on one type of low- and moderate-income housing — housing owned by community development corporations (CDCs) — a joint research project was created by the State University of New York's Nelson A. Rockefeller Institute of Government and the New York University School of Law Center For Real Estate and Urban Policy. The research was funded by grants from the Rockefeller Foundation, the Ford Foundation, the United States Department of Housing and Urban Development, the Cleveland Foundation, and the Minneapolis Foundation. This report provides a description of the methodology used in this research, a description of the CDCs and projects examined, and key research findings.

## The Context of State Policy

Implementation of welfare reform by the states and their partners has led to wholesale changes in the content and delivery of public assistance that are without precedent in recent decades. Legislative debates about time limits, work requirements and sanctions have turned to implementation discussions and complex institutional change, as significant restructuring of organizational responsibilities has brought

different governmental and nongovernmental agencies to the forefront. In the process, greater attention has been paid by policymakers, advocates, and analysts to local networking of services and service providers in support of economic independence, with child care and transportation aid increasingly included in the mix.

So far, despite the strong logical relationship between welfare reform and housing assistance, housing programs have been largely separate from these new arrangements and the institutional and policy connections between these spheres remain nascent at the state level. To date, the relationship is seen most directly in two circumstances: first, when a recipient of Temporary Assistance for Needy Families (TANF) is sanctioned for noncompliance with a work or child-care requirement under TANF and consequently loses a benefit they receive; second, with respect to what states provide to help families deal with emergency situations, thereby diverting potential TANF cases. Because stable housing environments and desirable residential locations are linked to central objectives of welfare reform, such as higher employment rates and earnings, it is expected that welfare-connected housing programs of the sort described in this report will expand and become more common — unless they are precluded by future changes in the economy or federal funding,

## Community Development Corporations and Welfare Reform

Community development corporations (CDCs) are responsible for a significant amount of low- to moderate-income housing in cities throughout the nation, credited for approximately 30 percent of affordable housing production nationwide. More than eight out of every ten persons in the average CDC's target area are low-income or poorer — with incomes below 80 percent of the area median. In addition to

housing, these community-based organizations have become increasingly involved in a wide range of related services, including commercial development, job training and placement, child care, and transportation.

### *The Financial Condition of CDC Housing*

One of the goals of this study is to examine the ways in which early implementation of the Personal Responsibility Act is affecting the financial status of affordable housing developments owned by community development corporations. Five types of financial impacts were considered: tenant incomes and employment; other tenant behaviors; late payments; turnover; and aggregate changes in CDC income and expenses.

Tenant Incomes and Employment. Many of the CDCs in the study reported significant changes in tenant employment. As one tenant put it: "Everyone's doing something now." In many cases, CDC staff reported that the proportion of working tenants in a development had gone up, and in a few cases, the proportion of tenants receiving welfare has fallen quite rapidly. In one development, for instance, the proportion of tenants on welfare had fallen from 16 percent to 2 percent in five years. One citywide network reported that the proportion of tenants among its member CDCs that received public assistance had declined from approximately 39 percent in 1996 to less than 9 percent in March 2000.

We asked CDC staff how many of their tenants had left welfare and become employed since the enactment of welfare reform in 1996. Although the numbers were not precise and were not very large, staff could clearly identify tenants who had moved from welfare to work. As for the types of jobs they had secured, they included seasonal factory work, car service driving, home health care, retail, and child care. The most commonly mentioned jobs were child care and home health care.

While many tenants had gone to work, there were frustrations. Child care was a nagging problem for many, as was transportation. And perhaps the most critical problem was the low hourly wage of the jobs they were able to get. Specific data on hourly wages was not generally available, but one citywide intermediary estimated that average wages among those employed full time was $7.50 per hour. Many also mentioned health problems as a barrier to work.

Higher levels of reported employment among CDC tenants may be due to one or both of two causes: an increase in employment among existing tenants, or a shift in the type of tenants selected by CDCs to move into the developments. We see some evidence of both. In the case of one city, increased costs (unrelated to welfare reform) have led in turn to higher rents, which has prevented CDCs from accepting more welfare recipients. But the greater change seems to be the higher employment rates among tenants. The healthy economy seems clearly to have led to more opportunities for tenants. And the stricter work requirements enacted under welfare reform also seem to have played some role in getting more people to work.

Other Tenant Behaviors. We did hear of a few instances in which tenants who were cut off of welfare turned to prostitution or drug-dealing as a way to make up lost income. We also heard of others who were turning to legal forms of self-employment, such as running child-care centers in their homes or doing sewing and cleaning for others. One Executive Director noted that she is seeing an increase in applications from couples, rather than female-headed households. She believes that male partners are showing up on applications because it is only with their income that applicants can show sufficient income to qualify for tax credit rents.

Late Payments. To learn whether changes in tenant employment levels or other behaviors were contributing to growth or decline in problems with late rental payments, we

examined financial histories and questioned CDC staff. No changes were evident through either source.

Turnover. We also collected information on turnover rates from CDC staff. For most of the developments, turnover rates remained quite low and no changes were evident over the last few years. A few developments had experienced an increase in turnover, but managers maintained that these changes were unrelated to welfare reform. The increases, where they occurred, were instead due to stepped-up evictions as new managers came in and tried to clean up projects and crack down on problem tenants.

Aggregate Changes in CDC Income and Expenses. The data indicate that there has been little systematic change in either rental income or expenses of the CDCs in the study that is attributable to welfare reform. CDC staff could point to only a handful of instances of tenants on welfare who lost benefits, and even fewer who were late on their rent payments as a result. In most cases, these tenants either had a Section 8 subsidy (and therefore the CDC still received the same rent) or they were able to make up income through other sources. CDC property managers could point to many more cases of tenants becoming employed. Yet this growth in employment does not seem to have had any perceptible impact on rent collections. Similarly, we could find no evidence of changes in expenses in recent years. We found no change, for instance, in the ability of CDCs to pay their bills as evidenced by increases in accounts payable.

### *Quality of Life in Surrounding Neighborhoods*

A second area of inquiry focused on changes in a variety of negative and positive behaviors — drug dealing, homelessness, substance abuse, vandalism, assault, theft, prostitution, gang activity, employment, child care, resident organizing, and voting — since welfare reform was enacted. While many CDC staffers and other local respondents were quite concerned about the impact of the welfare reform law

on surrounding communities — and in particular, were concerned that local stores would suffer due to diminished income among public assistance recipients and increases in social problems that tend to accompany poverty, such as crime, vandalism, and drug-use — we have seen little evidence of such changes. In fact, to the extent any neighborhood changes were reported, these changes have tended to be positive.

The most consistent change has been that more people are working, so that neighborhoods have more of "a working class flavor." Half of CDC respondents reported increases in local employment, and most respondents attributed this increase in employment at least partly to welfare reform. In addition, one quarter reported increases in the availability of family child care and just under 30 percent reported increases in networking and community organizing.

CDC respondents were also more likely to report decreases than increases in crime and violence. A greater share of CDC respondents reported decreases in drug dealing, vandalism, assault, theft, and prostitution than reported increases in these categories of crime. And official crime data support these perceptions. We collected crime statistics for most of the neighborhoods or precincts surrounding the CDC areas. According to these data, more than half (57 percent) of our CDC neighborhoods experienced decreases in reported crime since the enactment of welfare reform in 1996. Only one-fourth of the neighborhoods experienced increases in reported crime.

### *The Management Practices of CDCs*

Few of the CDCs in our study have altered their admissions policies in response to welfare reform. The most important criterion utilized by the organizations in their admission decisions is income, with income requirements often spelled out by their funders or by the government programs

through which the housing they build is subsidized. Credit history is also frequently used as well as employment status. In some instances, government programs require admission of particularly needy households. In other cases, however, CDCs seek to avoid recipients of public assistance on the ground that their incomes are not sufficient to permit them to afford the CDC's rents. A small minority of the groups that we studied reported that they were considering changes to their admissions procedures that could be thought of as a response to welfare reform. Among these groups, a preference for working families was contemplated.

The overwhelming majority of CDCs in our study report that rent delinquency attributable to welfare reform has not increased and that they continue to approach eviction as a last resort. Some CDCs accepted reduced rents for a time; others sought to work with the tenants or refer tenants to organizations that could help them reinstate benefits or obtain employment. Although several CDCs reported that they were becoming tougher on nonpayment, they also indicated that this management change was not related to welfare reform. Virtually all of the CDCs in the study have policies against doubling up; though it is difficult to police, these groups did not report an increase in doubling up in the years since welfare reform was enacted.

### *Beyond Housing: Programmatic Changes and Adaptations*

Several of the CDCs in our study have launched a variety of non-housing initiatives designed to provide social services or economic development opportunities for the tenants in their buildings as well as for residents of the surrounding neighborhoods. In some instances, these programmatic changes were at least partially in response to welfare reform. More frequently, these activities, of the sort set forth below, predated or had no direct cause and effect relationship with the Personal Responsibility Act of 1996:

- *Job Training.* Several groups have created programs to provide tenants and other neighborhood residents with skills necessary to obtain jobs. For example, one CDC has created a Culinary Training Program that seeks to provide enrollees with marketable skills.
- *Job Search.* A significant number of the groups studied provide some form of assistance to residents seeking jobs. In particular, resume-writing programs and job banks were commonplace.
- *Computer Skills.* Several of the developments housed computer resource centers. Frequently, residents were provided with training classes.
- *Intensive Case Management.* One collaborative group of CDCs has developed a "Managed Care Program" designed to assist hard-to-serve public assistance recipients obtain full-time employment. Another CDC has taken the lead in creating a partnership among eight local agencies to provide assistance to households with limited English abilities.
- *Child Care.* A substantial number of CDCs provided some form of child care services to residents. In most instances, the services were not administered by the CDC itself, but by a separate organization that leased space in its buildings. One CDC created a program that encouraged over 30 women residents to provide day-care services within their homes.
- *Commercial Development.* A small number of the groups studied were actively engaged in business development. For example, one group formed a construction company; another is planning to open a catering establishment. One innovative

organization created a microenterprise program to fund and incubate start-up companies. Typically, these business entities hire at least some of their employees from the CDC's tenant population.

- *Hiring Tenants.* Some CDCs make it a point to recruit their own workforce from the ranks of their tenants. For example, one CDC hired tenants to work in its construction company. Another CDC prides itself on hiring tenants to work as porters, superintendents, and members of its clerical staff.

- *Tenant Education About Welfare Reform.* Some CDCs have held forums for tenants and community groups to explain welfare reform and the challenges it will create. Some groups have not held formal events, but have nonetheless provided information in the form of leaflets or pamphlets.

## Conclusion

The response of the CDCs in our study to welfare reform has been — rather unexpectedly — limited. Among those organizations that engage in a variety of nonhousing activities or view their mission to include community development in broad terms, many were already providing job training, child care, or other social services that might be thought of as responding to welfare reform. These groups do not identify the passage of the Personal Responsibility Act as necessarily related to their efforts. More typically, organizations focused on developing and operating housing have not seen welfare-related services or financial impacts as an issue of particular concern. Affordable housing is a tough business producing a long list of worries. Welfare reform is on the list but not near the top.

There are several possible reasons for these findings. So far, because welfare reform has been more of a collection of individual responses playing out over time than happening at once, CDCs have adapted to isolated cases as needs arise instead of shaping an institutional response to welfare reform; a response of rolling adaptation rather than deliberate programming. But it is early: The full effects of the Personal Responsibility Act and its aftermath have not yet been felt, and we may begin to see more of an impact as the five-year time limits take hold. Even so, though more funding is available to support welfare-related initiatives, CDCs may elect to rely primarily on referrals to ensure that their tenants receive needed services rather than seek out additional sources of funding to create new programs themselves.

Alternatively, it may be that the financial status and programmatic range of CDC housing and nonhousing activities are likely to be fairly insulated from the effects of the welfare reform law, even after five years. The share of CDC tenants who receive TANF appears to be relatively small, and the majority of those who do *also* receive Section 8 subsidies or benefit indirectly from other project-based financial set-asides that will buffer the CDC from any loss of benefits or income.

## THE RELATIONSHIP BETWEEN WELFARE REFORM AND HOUSING

Welfare and housing assistance are not often seen as parallel policy areas. Yet the connections between them are several, such that significant changes in one may have important implications for the other. To the extent that they are targeted toward similar populations in need, individuals and families may — indeed, until recent years increasingly did — receive benefits under both housing assistance and income-support programs. Nationally, about one-quarter of the families receiving Aid to Families with Dependent Children in 1996 were living in assisted housing — a level that ranged from 12 percent of AFDC families in California to a high of more than 56 percent of AFDC families in North Dakota.[1] Similarly, the U.S. Department of Housing and Urban Development estimates that in 1996, about half of the families with children in HUD-assisted housing received income from public assistance.[2]

The linkages between housing and welfare policy may also be more purposive than simply the result of a common population target or service delivery infrastructure. Because shelter is tied to location, affordable housing may be provided to complement and further the objectives of income assistance programs. Similarly, the absence of affordable housing may limit the ability of households to achieve economic opportunity. For example, housing and neighborhood quality may affect individual and family health, proximity to available jobs, residential and

1 Analysis of 1996 AFDC Quality Control Data by the Center on Budget and Policy Priorities. Barbara Sard and Jennifer Daskal. *Housing and Welfare Reform: Some Background Information* (Washington, DC: Center on Budget and Policy Priorities, 1998).

2 Administrative data tabulated by the U.S. Department of Housing and Urban Development and cited in Sard and Daskal, p. 3. According to one study, nearly one-third of tenants in housing owned by community development corporations in New York City receive income from public assistance. Bill Traylor, *Welfare Reform: Background and Impacts* (New York: New York Equity Fund, 1997).

familial stability, job information networks, and other factors which in turn exert some degree of influence on the extent to which individuals find and keep jobs. Recent initiatives have sought to encourage economic independence through minimum rent and work requirements for residents of publicly assisted housing, adopted in the Quality Housing and Work Responsibility Act of 1998 or by adding social service-related features in a housing-based setting, such as the Family Self Sufficiency Program and the Jobs-Plus Demonstration.

Recent and unprecedented reforms in welfare policy may, among other effects, serve to strengthen the connections between housing and welfare at the state policy level and at the level of individual community-based organizations. Enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA or the Personal Responsibility Act) has led to dramatic changes in the purpose as well as the provision of public assistance and related programming in states and localities across the nation. As part of PRWORA, the Aid to Families with Dependent Children program was replaced by block grants to states to provide Temporary Assistance for Needy Families (TANF). Under TANF, the individual entitlement to cash support was eliminated, states were granted considerable flexibility in the design and delivery of assistance, a 60-month lifetime limit on receipt of assistance was imposed, as was the requirement for participation in work-related activities.

State reforms in the wake of the Personal Responsibility Act of 1996 have generally emphasized a new focus for welfare — one that seeks to create an immediate attachment to the workforce among parents. Welfare programs now emit strong new signals to people about work and economic self sufficiency. In certain cases, this has involved front-loading application procedures with opportunities to avoid or reduce reliance on welfare, such as diversion, immediate job search (before or during the application process), enforcing or obtain-

ing child support orders, and negotiating personal responsibility agreements.[3]

These signals are often reinforced by sanctions that temporarily reduce or even end benefits in order to encourage clients to attend interviews, make their quota of job contacts, and meet the minimum hour requirements. There is also evidence of a broader range of services to support independence and new connections to outside partners, including community-based organizations such as CDCs, which are involved in the mix. Rather than a single program, welfare has become more of a network of services and service providers, with greater responsibilities shifted downward through second-order devolution to local governments, local offices of state governments, and private nonprofit agencies such as CDCs.

Federal policymakers should be deeply concerned with the impact of welfare reform on all housing providers, including CDCs. CDC housing is typically funded through a variety of grants and loans, many of which are federal in nature. HUD directly funds the activities of CDCs through the National Community Development Initiative (NCDI). In addition, many cities provide CDCs with financial assistance from their Community Development Block Grants or HOME funds. A substantial number of CDC housing developments also receive Low-Income Housing Tax Credits. In addition, a significant number of tenants in CDC housing receive tenant-based assistance under the Section 8 Program. Therefore, any change in policy that might imperil these federal investments in low- and moderate-income housing should be of immediate concern to HUD as well as other federal agencies.

Furthermore, federal housing policy is not solely concerned with issues of bricks and mortar. Increasingly, HUD has sought to use its housing assistance programs to promote eco-

3 See Richard P. Nathan and Thomas L. Gais, *Implementing the Personal Responsibility Act of 1996: A First Look* (Albany: The Nelson A. Rockefeller Institute, 1999).

nomic and social mobility. For example, self-sufficiency programs seek to build assets among low- and moderate-income families. The Jobs-Plus Program seeks to provide job training and placement resources for residents of public housing. The Moving-to-Opportunity Program also seeks to use housing assistance as a tool to enable low- and moderate-income households to move to neighborhoods with greater economic integration and enhanced community services. Therefore, HUD has an interest in ensuring that CDCs, the housing they operate, and the community development initiatives they seek to promote continue to flourish in the new policy environment created by welfare reform.

## The Gap in Past Research

Most of the research that has been done on the nexus of welfare reform and housing has had a common theme: a focus on how housing programs and housing itself can influence income assistance or self-sufficiency outcomes. But the flow of influence can work in the opposite direction as well: How does welfare affect housing and, more specifically, what impact does it have on providers of housing?

Newman and Schnare are among the few researchers who have paid attention to the link between housing and welfare assistance.[4] In three books and several articles on the subject, they alert policymakers to the connections between the two programs and call for improved coordination. They also suggest that

4 Sandra J. Newman, ed. *The Home Front: Implications of Welfare Reform for Housing Policy* (Washington, D.C. The Urban Institute Press, 1999); Sandra J. Newman and Ann B. Schnare, *Subsidizing Shelter: The Relationship Between Welfare and Housing Assistance* (Washington, DC: The Urban Institute Press, 1988); Sandra J. Newman and Ann B. Schnare, "Integrating Housing and Welfare Assistance," in Denise DiPasquale and Langley C. Keyes, eds., *Building Foundations: Housing and Federal Policy* (Philadelphia: University of Pennsylvania Press, 1990); Sandra J. Newman and Ann B. Schnare, *Beyond Bricks and Mortar: Reexamining the Purpose and Effects of Housing Assistance* (Washington, DC: The Urban Institute Press, 1992); Sandra J. Newman, "The Implications of Current Welfare Reform Proposals for the Housing Assistance System," *Fordham Urban Law Journal XXII* (1995), pp. 1231-1253.

policymakers view the goals of housing policy not merely as providing shelter but also as fostering economic self-sufficiency. These works provide valuable insights into the links between the two types of assistance and offer some important examples of the ways in which housing authorities have tried to encourage self-sufficiency through offering child care, counseling, and job training.[5]

Since the passage of PRWORA, researchers and policymakers seem increasingly aware of the important connection between housing and welfare policy. Several recent reports explore the potential consequences of welfare reform for tenants and providers of low-rent housing — particularly federally-assisted housing.[6] These reports warn that housing authorities nationwide are at risk of losses in revenue if families reach TANF time limits before finding jobs or are sanctioned for noncompliance with TANF work requirements.

Two other studies attempt to predict the magnitude of the effect of welfare reform on the income stream of affordable housing. The first, prepared by the Division of Policy Studies at HUD, estimates the impacts of welfare reform on rent revenues at eight public housing authorities in four states: Virginia, California, Texas, and Ohio.[7] The report finds the predicted effects of the new law vary drammatically, depending on such features as the proportion of residents that receive welfare, conditions of the local economy, and housing authority policies, such as minimum rents, tenant selection procedures, and income incentives. For example, the study estimates that while rent revenues for residents will fall by over 60 percent in Los Angeles, they will increase by 60 percent in Richmond, Virginia.

5 Newman and Schnare, *Beyond Bricks and Mortar: Reexamining the Purpose and Effects of Housing Assistance* (Washington, DC: The Urban Institute Press, 1992), Chapters 2 and 4.

6 Sard and Daskal, 1998; Citizens Housing and Planning Council, *An Analysis of the Housing Impacts of Governor Pataki's Welfare Proposals* (New York, 1997); Traylor, 1997.

7 U.S. Department of Housing and Urban Development, *Welfare Reform Impacts on the Public Housing Program: A Preliminary Forecast* (Washington, DC: Office of Policy Development and Research, 1998).

The HUD study's estimates were extremely sensitive to assumptions about both the ability of tenants to obtain jobs before their TANF time-limits ended and the economic and demographic conditions and characteristics. It underscores the importance of further work to determine the *actual* effects of this dramatic law in particular jurisdictions. What the study does illustrate clearly is that the effects of welfare reform on housing authorities may be quite dire and that they are likely to be more critical for housing authorities that are located in cities with stagnating economies.

The second study by Newman and Harkness uses data from four state waiver programs to estimate the effect of similar programs on the incomes of households in assisted housing as well as budgets for this housing.[8] Once again, the effects vary depending on the particular state welfare program features. In Michigan and Vermont (the states with no strict time limits and more attractive work incentives), average incomes of tenants increase slightly (by 2 and 4 percent). Under the Florida and Virginia regimes meanwhile, average incomes of assisted renters are predicted to fall by 8 and 21 percent. The point once again is that because rents are based upon tenant incomes, the effects of welfare reform on housing authorities' income streams is potentially quite dramatic.

Thus, despite these two efforts, research is still clearly needed about the effects of welfare reform on low-rent housing. Many assumptions are required to produce the estimates and the authors acknowledge that the estimates are, in some instances, quite rough. Documentation of the actual experience of housing authorities under TANF is therefore critical. Moreover, both studies focus on the experience of public housing and thus provide relatively little information about the effects on other federally assisted housing, including nonprofit providers and private landlords.

8 Sandra Newman and Joseph Harkness, "The Effects of Welfare Reform on Housing: A National Analysis" (Prepared for Fannie Mae Foundation — Institute for Policy Studies Policy Research Roundtable, 1997).

With regard to the latter group, Newman and Harkness do attempt to predict the effects of welfare reform on households living in private, unsubsidized housing and find that after the time-limits expire, approximately one-fifth of these renters will face housing cost burdens of over 50 percent. What actually happens to these households and the buildings that they live in is clearly critical.

The preliminary evidence cited above makes clear that at least some housing providers will need to adapt to the new welfare policies. For example, housing agencies are likely to expand their efforts to help tenants find and retain employment. They also may need to adjust their level of project reserves and alter their tenant mix to include more working families. Since TANF is just getting underway, little research has been undertaken to study how housing authorities, nonprofits, and private landlords are adapting to the new welfare rules. Some earlier work, however, has explored the programs adopted in the past by housing authorities to promote the financial independence of their tenants.

Over the past 15 years, HUD has provided support to housing authorities to experiment with combining housing assistance with other support services. Three major programs have been implemented: Project Self-Sufficiency (PSS) in 1984, Operation Bootstrap in 1989, and the Family Self-Sufficiency Program in 1990. The aim of these programs was to help tenants to become economically self-sufficient. In general, local housing authorities were given considerable latitude to design programs that reflected the particular needs of their communities. Evaluations of the two early programs found that the programs commonly provided case management, referral to education and training programs, life skills workshops, support groups, and job search assistance. Ancillary support services such as child care and transportation were also provided by many sites. The goal was not merely to provide handouts to tenants but to help families take control of their own lives.[9] Rohe indicates that sim-

ilar services were provided through Charlotte's Gateway Families Program with an eye towards the same goal.[10]

These studies also provide some indication of the ways in which housing providers might attempt to adjust their policies to help tenants make the transition to work. In Charlotte, for instance, rents were not increased if a tenant's income rose from earnings. Other need-based benefits such as AFDC and Food Stamps were also frozen. The Family Self-Sufficiency Program, meanwhile, offered the opportunity of an escrow account. Subsequent increases in the tenant share of rent due to increases in family income were deposited by the PHA into this account. These funds were made available to participants as they achieve interim goals.

Clearly, the stakes have been raised by PRWORA, and it seems likely that housing providers will fashion new strategies to deal with these new challenges. Initial studies by the Center for Budget and Policy Priorities suggest that housing authorities are expanding their employment and training efforts, prompted in many cases by federal incentives.[11]

One potential advantage of the block grant structure of the TANF program is that it provides flexibility to states and localities to experiment with new ways to alleviate the symptoms of poverty and encourage families to achieve independence. Thus money allocated under TANF could be utilized in creative ways to support housing-related services. With the exception of the Center for Budget and Policy Priorities, no one has systemati-

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9 U.S. Department of Housing and Urban Development, *Project Self-Sufficiency: A Summary* (Washington, DC: Office of Policy Development and Research, 1988); J.W. Frees, Ingrid Ellen, and Gretchen Locke, *Documentation of the Results of Operation Bootstrap: Program Administration Report* (Cambridge, MA: Abt Associates, 1993).

10 William M. Rohe, "Assisting Residents of Public Housing Achieve Self-Sufficiency: An Evaluation of Charlotte's Gateway Families Program," *Journal of Architectural and Planning Research* 12 (1995): 259-277.

11 Barbara Sard, Outline of How Federal Housing Programs Can Help Provide Employment and Training Opportunities and Support Services (Washington, DC: Center on Budget and Policy Priorities, 1998).

cally studied the extent to which TANF funds are being used to fund housing assistance.

In addition, virtually no research has examined the impact of welfare reform on community development corporations (CDCs). CDCs are responsible for a significant amount of low- to moderate-income housing in cities throughout the nation. Over 3,600 community development corporations have been formally constituted across the nation. Having built an estimated 550,000 units of affordable housing as of 1998, some 245,000 of which were produced from 1994 though 1997, CDCs are responsible for approximately 30 percent of affordable housing production nationwide.[12] Half of the people living in the average CDC's target area have incomes that are "very low" — pegged at 50 percent of area median income or below — and more than eight out of every ten persons are low-income or poorer — with incomes below 80 percent of the area median.[13] In addition to housing, these community-based organizations have become increasingly involved in a wide range of related services, including commercial development, job training and placement, child care, and transportation.[14]

## Welfare Reform and CDCs

Implementation of the Personal Responsibility Act continues and is evolving. Already, the act portends important consequences for community development corporations. The potential impacts fall within five dimensions: *financial effects, management effects, programmatic effects, neighborhood effects*, and *state policy effects*.

Welfare reforms adopted in the wake of the Personal Responsibility Act may influence the finances of CDCs in several

12 *Coming of Age: Trends and Achievements of Community-Based Development Organizations* (Washington, DC: National Congress of Community Economic Development, 1999), 3.

13 Ibid, 9.

14 Ibid, 15.

ways. First, recipients of public assistance who reside in CDC housing may have their incomes reduced or made less stable as a result of short-term actions taken by welfare program administrators, such as the imposition of sanctions or diversion which are becoming increasingly common. In such cases, where the ability to pay rent is reduced, welfare reform may have a negative indirect financial effect on CDCs. Alternatively, increased emphasis on economic self-sufficiency may result in higher levels of employment and income; here, where ability to pay rent is increased (and other policies do not cause offsetting reductions in support), the indirect financial effects of welfare reform on CDCs may be positive. There may be direct financial effects of welfare reforms on CDCs as well: increased income from new contractual opportunities to provide services for TANF clients, for example, or increased administrative costs from responding to inquiries relating to tenant eligibility for continuing assistance.

Subject to the specific reforms adopted locally and, importantly, depending on the mission of the individual organizations themselves, welfare reform may affect how public assistance recipients are viewed by CDCs and how they are treated by administrative policies governing such things as tenant selection, late payments and eviction. CDCs may elect to formally loosen or tighten such policies in the interest of beneficence or self-protection; make such changes informally, by deciding not to adhere to established policies; or not change these practices at all.

As a third dimension of change, welfare reforms may give rise to changes in the extent and composition of program activities undertaken by CDCs. As noted, the new shape of welfare often involves networks of services and activities in many localities, with community-based organizations relied on increasingly for providing services that support the transition to economic independence among public assistance recipients and, in some cases, for administering welfare itself within a specified geographic area. In this new setting, CDCs may provide a broader range of services to their public-assistance-eligible tenants, such as job-search, transporta-

tion or child care services. Characteristically entrepreneurial and often interested in supporting overall improvement in their community even beyond the housing units they operate, CDCs may become involved in new contractual opportunities providing welfare-related services to the community at large. They may also seek to promote economic opportunities directly through the creation of business enterprises.

Even if welfare reform were not to have an impact on the tenants, management practices or programs of CDCs, it might affect the organizations through its impact on the communities in which they are located. Most CDCs view their role as not limited to the provision of housing and services to tenants. Instead, they seek to improve the entire community in which they are located. Thus, if welfare reform were to have a negative (e.g., unemployment, increased crime) or positive (e.g., increased employment, economic development) impact on inner city neighborhoods, these effects would directly affect CDCs and their missions.

The fifth and final dimension of change recognizes that the specific ways in which a CDC adapts to welfare reform will naturally be shaped by the welfare policies of the state in which it operates and the local support networks available. Of particular importance are: first, the choices states have made concerning linkages of housing assistance to changes in TANF status; second, whether and in what ways states are using *maintenance of effort* or *windfall* funds to support housing assistance or housing-based supportive services under the Temporary Assistance to Needy Families program.

In this study, we seek to fill the gap in research on the impacts of welfare reform on CDCs, their housing, tenants, and neighborhoods. Through a field network research design, we have collected information about 48 housing developments owned by 24 CDCs in 6 cities. The results and methodology of this study are set forth in the pages of this report.

## METHODOLOGY

The objective of this study is to examine whether and how early implementation of the Personal Responsibility Act has influenced the finances, policies, and program activities of community development corporations. The study comprises two levels. A state-level analysis is incorporated, recognizing that the ways in which CDCs may be influenced by welfare reforms are shaped by state policy, which is given great latitude under the Personal Responsibility Act. A second, deeper layer of research examines effects among a purposive sample of four selected CDCs in each of six cities: Atlanta, Georgia; Cleveland, Ohio; Chicago, Illinois; Minneapolis, Minnesota; New York, New York; and San Francisco, California.

State policy links between welfare reform and housing were studied in two ways. A network of scholars from 15 states was engaged. Members were asked to describe the extent and manner in which housing assistance was linked to TANF status, as well as any uses the states were making of TANF or "maintenance of effort" funds for housing assistance. As participants in an ongoing study of welfare reform implementation conducted by the Rockefeller Institute of Government, these scholars draw from deep expertise in the institutions and management systems created by the states to carry out their welfare, health care, and workforce development programs. Input from these associates was augmented by a review of the literature on state-level implementation of TANF, especially with regard to state policies on sanctions and the use of TANF/MOE funding for housing assistance.

To analyze the impacts on CDCs, we selected cities along two dimensions. A first consideration was how extensive and established community development organizations were in each respective metropolitan area, ranging from places where CDCs are relatively new and few in number (Atlanta); where these organizations are more plentiful and long-established (San Fran-

cisco); and where they are additionally assisted by a support structure of intermediary organizations (New York, Chicago). A second element of diversity taken into consideration in the sample involved the relative aggressiveness of welfare reform pursued by states since the adoption of the Personal Responsibility Act, ranging from states that have emphasized the availability of supportive services (Minneapolis) to others that have emphasized time limits (Ohio) and performance requirements (New York).

A purposive sample of 24 community development corporations was selected for the study, four from each of the six cities. In most instances the CDCs were community-based; in some cities, however, areawide groups were selected. A sample of 48 housing projects was drawn, comprising two housing projects for each of the selected CDCs, intensive analysis of financial impacts, tenant and program characteristics, and tenant outcomes. Sample selection was important because we expected potential impacts to be influenced by: (1) the character of individual organizations — their relative sophistication, supportive infrastructure, and range of programming; and (2) contextual factors, such as related programming offered locally; strength in respective metropolitan and neighborhood housing markets; and demographic composition, among others.

Selections of community development organizations and projects were made through an interactive process involving local experts as well as central research staff, and according to a series of criteria. First, the four CDCs from each city range in size with respect to the number of housing units they own, with one or more being small, one medium, and one large relative to other organizations in the metropolitan area. Second, selected CDCs range in age from new to old in terms of their years in operation. Third, selected CDCs, to the extent possible, are located throughout their respective cities rather than in one neighborhood. Fourth and relatedly, the primary "client" groups served by the selected CDCs for a given city reflect the racial and ethnic make-up of the high poverty neighborhoods in that city as much

as possible. All the CDCs selected for study serve communities with relatively high levels of poverty (with a poverty rate of 20 percent or greater, save one of the CDCs in San Francisco, which serves an area with a poverty rate of 17 percent) and public assistance receipt (where the proportion of households receiving public assistance exceeds 15 percent).

Housing development is typically the focal point, but CDCs may undertake any of a number of other activities as well. Because a CDC engaged in "more than housing" may be somewhat more likely than other organizations to have, or create, programs potentially impacted by welfare reforms, the sample of CDCs reflects the diversity in the types of activities in which these organizations engage. To the extent possible, one or more CDCs were included in each city that engage in welfare-to-work efforts, such as job placement, training, child care, or transportation assistance. At least one of the CDCs in each city has very little prior experience in this area. Finally, in order to take advantage of centralized, longitudinal data on developments, operations, and budgets, in those cities where the Local Initiatives Support Corporation (LISC) or Enterprise Foundation operate and to the extent it was feasible, we sought to include CDCs and projects that receive Low Income Housing Tax Credit equity from the National Equity Fund (NEF) or the Enterprise Social Investment Corporation (ESIC).

The research design called for field work among the CDCs in the sample with central analysis of those results; centralized analysis of longitudinal data from the national affordable housing intermediaries (LISC and ESIC); and additional research on welfare reform implementation and state-level policy change. Consequently, the project was designed and undertaken as a *field network* study.

In the field network approach, primary research is performed through a network of indigenous researchers who are familiar with the metropolitan areas and institutions under study. These field researchers were responsible for applying a uniform

analytical framework to assemble local data, and for identifying and analyzing the factors that are needed for understanding the connections between community development corporations and the social welfare system, the changing environment for those connections, and the policy implications. The role of the central research team was to coordinate the work of the field researchers; facilitate the exchange of information among them; ensure that they apply a common approach to a common set of research questions; and synthesize the results from the field.

The research methodology included key informant interviews conducted by field associates with CDC staff, tenant representatives, and leaders from other civic institutions within the community, such as churches, neighborhood/block associations, and other community-based organizations. These interviews focused on key areas of inquiry detailed in a *report form* filed by the associates.

The questions posed to the key informants were designed to elicit both objective and subjective evaluations of the impact of welfare reform on CDC housing, neighborhoods, management, and tenants. A first wave of questions asked about:

- the history of the organizations
- the neighborhoods in which the organizations operate
- the types of buildings the organizations own
- specific tenant information about the two developments selected for analysis
- changes in the operations of the CDCs that might be reflected in the financial characteristics obtained about the buildings
- anticipated changes in financial condition
- management practices and anticipated changes in management practices

- programs offered by the CDCs for tenants and the community at large
- tenant and neighborhood resident participation in the programs created by the CDCs
- the relationship between the CDCs and other neighborhood- and citywide organizations
- tenant quality of life

Obtaining objective information from key informant interviews about the impact of welfare reform on CDCs, their tenants, and neighborhoods presented a methodological difficulty, particularly if the key informant were to have a bias for or against welfare reform. To alleviate this problem, the key informant was typically asked an objective question about the particular issue. Only after the objective question was answered was the informant asked whether the change or lack thereof was attributable to welfare reform. Although key informants knew that the purpose of the report was to examine the impacts of welfare reform, this sequencing of questions was thought to be the best way to ameliorate the problem of respondent bias.[15]

Several months after the first wave data gathering was completed, a second wave of information gathering commenced. The second wave questionnaire asked key respondents about where TANF recipients typically lived, how neighborhood residents viewed the CDCs and whether the neighborhoods had changed for better or worse since the advent of welfare reform, with a special emphasis on crime. In addition, updated information on tenant characteristics was collected for each CDC.

Finally, focus groups were held with tenants from at least two developments per city. Participants were recruited either by randomly inviting tenants from lists of names, phone numbers,

15 Interestingly, we expected at the outset that CDCs would not be ideologically sympathetic with welfare reform and that these feelings might color the responses of key informants. As the remainder of this report illustrates, however, this bias is typically not reflected in the responses we obtained.

and addresses provided by the CDCs, or by the posting of advertisements on development bulletin boards. Nominal payments were offered to people who volunteered to participate in the focus group. The number of participants in each focus group typically ranged from 5 to 10. Tenants attending the focus groups were guaranteed anonymity. They were asked to discuss a variety of issues that touched upon the CDC, their apartment buildings, any changes that had recently occurred at their buildings, CDC programs, and the impact of welfare reform on their lives. The responses of the focus group members were transcribed and summarized by each of the field associates.

In addition, longitudinal data on project budgeting and operations was typically obtained from the national intermediary organizations and verified with local sources. For projects that did not receive tax credit equity from NEF or ESIC, we relied exclusively on local sources. Focus groups of tenants provided additional insights on CDC tenants' experiences with welfare reforms and CDC policies, and illuminate those experiences in the tenants' own words.

## The Context of State Policy

Enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA or the Personal Responsibility Act) has devolved greater responsibility to state governments and their local partners as well as new opportunities to connect housing and welfare policy at the state level. The most direct links seen at this early stage of implementation are in the form of state policies intended to signal public assistance recipients about the importance of complying with program requirements. A less common but possibly growing connection can be found in the use of TANF resources for housing assistance, in programs designed to encourage economic independence.

Along with eliminating the entitlement to federal aid for the poor in favor of temporary assistance, the Personal Responsibility Act imposed increased responsibilities on families receiving benefits. Under federal law, these responsibilities include (1) participating in work activities and (2) actively seeking child-support payments. They may also include (if a state chooses) obtaining the equivalent of a high school diploma, ensuring that their children attend school, obtaining child immunizations, and attending parenting classes or drug treatment programs. Support services such as child care and transportation aid may be available to assist TANF family members to meet their obligations. Failure to comply with their new responsibilities may result in financial penalties referred to as sanctions.

Sanctions may reduce or eliminate benefits for affected families well before the time limits for the receipt of assistance enacted in federal and state welfare reform legislation. Because a loss of benefits could have immediate ramifications on the ability of affected families to pay for shelter, state policies on sanctions could have immediate financial consequences under welfare reform for community development corporations and other owners of affordable housing.

State policies regarding welfare reform may affect CDCs, their tenants, and housing in several ways. First, as will be described in more detail in the pages that follow, under the Personal Responsibility Act, the TANF block grant can be used to create flexible programs to benefit low-income families. Among the types of programs that can be created are housing assistance programs. Second, even if states do not use their resources to fund housing, many operate job training and other human capital programs that benefit the tenants of CDCs. Finally, the states have much more flexibility under TANF to determine eligibility rules and sanctions for failure to adhere to the rules governing the program. These sanctions may directly affect the rent-paying ability of tenants of CDCs as well as residents of the neighborhoods in which the CDCs operate.

## State Sanctions

Federal law establishes minimum sanctions but gives states broad authority to increase and extend them. States are required by federal law to reduce welfare benefits under Temporary Assistance for Needy Families (TANF) pro rata — that is, impose partial sanctions — for families who do not adhere to work responsibilities or do not cooperate with child support enforcement, with such sanctions lasting as long as the noncompliance. Otherwise, the states face financial penalties themselves. States may choose stricter sanctions than the federal minimum, electing either to terminate the family's benefit — that is, impose full-family sanctions — for noncompliance with work and child-support responsibilities, or to extend the duration of partial and full-family sanctions beyond what is required under federal law. States can also elect to impose sanctions for noncompliance with other TANF responsibilities, such as immunizing children.

According to a March 2000 report by the U.S. General Accounting Office, state sanction policies are in many cases more stringent and extensive than the minimum required under TANF. All state policies require sanctions for noncompliance with the two federally mandated responsibilities — participation in work-related activities and cooperation with child support enforcement.

For the first time that a family does not comply with work responsibilities, 36 states have adopted policies that impose the minimum federal requirement of a partial sanction.[16] Policies in the remaining states impose the maximum TANF penalty of a full-family sanction for the first time that a family does not comply with work responsibilities. (See Table 2 for a description of the effects on cash benefits and food stamps from noncompliance with TANF work and child support enforcement requirements, by state.)

The level and duration of partial sanctions for noncompliance with TANF work requirements varies considerably and may represent a modest or significant loss of cash assistance, depending on the state and the family. The amount of the benefit reduction is determined in one of three ways: by withholding the adult share, by taking a percentage of the family's grant, or by taking a fixed dollar amount. The adult's share is withheld in 17 states, where maximum monthly benefits for a family of three range from $190 to $923. In another 16 states, the partial sanction reduces the family's benefits from 10 to 50 percent (by 25

16 Policies in five states allow for local variations in or differentiate among work responsibilities, hours worked, or length of program participation when imposing sanctions. Colorado has a statewide policy of graduated sanctions but allows counties to apply full-family sanctions. Alaska and South Dakota impose partial sanctions the first time TANF recipients do not participate in assigned work activities, but full-family sanctions if they quit or refuse a job. Wisconsin deducts benefits for work hours missed, which may result in either a partial or full-family sanction. Michigan applies a partial sanction for first-time noncompliance if the family has been on TANF for 2 months or more, but a full-family sanction if the family has been on TANF less than 2 months.



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**Table 1**
**Federal Law on TANF Sanctions for Noncompliance with Program Requirements**

| *Type of Noncompliance* | *Legal Citation* | *Nature of Sanction or Ineligibility for Benefits (paraphrased from the law)* |
|---|---|---|
| **Mandated sanctions of TANF cash benefits** | | |
| Refusal to engage in work activities | 42 U.S.C. 607(e) | State may reduce the amount of assistance payable to the family pro rata or more, at state option, or terminate assistance, subject to such good cause and other exceptions the state may establish, unless day care for a child under 6 is not available. |
| Failure to cooperate with child support enforcement | 42 U.S.C. 608(a)(2) | State may reduce assistance by not less than 25% or may deny family any assistance if state agency determines that an individual is not cooperating in establishing paternity or establishing, modifying, or enforcing a support order, unless good cause or other exception established by the state is shown. |
| **Optional sanctions of TANF cash benefits** | | |
| Failure to comply with individual responsibility plan or its components | 42 U.S.C. 608(b) | State may reduce, by an amount the state considers appropriate, assistance to a family that includes an individual who fails without good cause to comply with a responsibility plan signed by the individual. |
| Failure to work toward attaining a high school diploma or equivalent | 42 U.S.C. 604(j) | State is not prohibited from imposing a sanction on a family with a noncompliant adult under age 51, unless a professional determines the adult lacks the requisite capacity to achieve it. |
| Failure to ensure that children attend school | 42 U.S.C. 604(i) | State may not be prohibited from imposing a TANF and Food Stamp sanction on a family with a noncompliant adult. |
| Positive test for controlled substances | 42 U.S.C. 862b | State may not be prohibited from testing welfare recipients for use of controlled substances nor from imposing sanctions on those who test positive. |

Source: United States General Accounting Office Report to Congressional Requesters, "Welfare Reform: State Sanction Policies and Number of Families Affected," March 2000.

percent in most cases). The remaining three states cut benefits by a fixed dollar amount — from $50 to $100 — when partial sanctions are imposed.

In most states, the first sanction imposed lasts for 1 month or until the TANF family member begins to comply. In 23 states, benefits are restored fully as soon as compliance is demonstrated. In another 21 states, the first sanction continues for 1 month or until families return to compliance, whichever is longer, while the remaining 7 states extend the length of the first sanction for a minimum of 2 or 3 months. If noncompliance continues, however, the family may be subject to additional sanctions, depending on the state's policy. In states where the first sanction is full-family and it results in case closure, the case cannot be reopened before the minimum number of months has elapsed.

States generally increase the severity of sanctions for repeated or prolonged noncompliance with work responsibilities. In such cases, 37 states have adopted policies that impose the maximum TANF penalty of a full-family sanction.[17] Policies in the remaining states call for a partial sanction, with reductions in benefits generally increased in amount or duration compared to those for first-time offenses. In 32 states, sanctions for repeated or prolonged noncompliance with TANF work requirements generally remain in effect for 3 to 6 months, regardless of how quickly the family returns to compliance.

As required by federal law, all state policies call for sanctions when families fail to comply with child support responsibilities. In 34 states, the first time that TANF families do not help establish paternity or obtain support orders for their children,

17 A few states allow for exceptions to full-family sanctions in order to protect children. On a case-by-case basis, the state may impose a less stringent sanction if it determines that the welfare of the children would be compromised by loss of all cash assistance. For example, the state may provide payments to a protective payee or to a landlord or utility companies to cover the family's rent, utilities, and other essentials if there is a concern that the noncompliant adult would otherwise mismanage the TANF grant and place the children at risk.

they may receive a partial sanction. These states reduce the cash benefit by a dollar amount, the adult portion, or some percentage of the total. For repeated noncompliance, in 29 states families may receive a full-family sanction. The child support sanctions are comparable to the work sanctions in most states in terms of the amount of benefits cut. In nine states they are less stringent, and in six states they are more stringent than the sanctions for noncompliance with work-related responsibilities. However, in most states there is no minimum duration of the child support sanction for first-time or repeated noncompliance. Instead, the sanction is lifted as soon as the family member complies with child support enforcement requirements.

As a rule, noncompliance with other responsibilities in a TANF family's individual plan, such as attending parenting classes or substance abuse treatment, or ensuring that children are immunized and attend school lead to less stringent sanction policies. A few states impose no sanctions when families fail to meet these responsibilities, while others impose partial sanctions for noncompliance with one or more of these responsibilities and impose full-family sanctions at some stage for noncompliance with work responsibilities.

To ensure that no inadvertent increase occurs, some states automatically decrease food stamps by a set percentage when TANF sanctions are imposed. In accordance with federal law, state policies require that eligibility for food stamps end for the noncompliant adult or, optionally, for the entire household if TANF work requirements are not met. Adult's sanctions because of noncompliance with TANF responsibilities can last 1 month or longer depending on state policy, and up to 6 months for the entire household because of noncompliance with TANF work responsibilities. Food stamp sanctions, however, may not occur at exactly the same time as TANF sanctions.

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State**

| *State* | *Max. Monthly Cash Benefit for 1 Adult, 2 Children Family* | *Sanctions for Noncompliance with TANF Work Responsibilities (Percent reduction in benefit)* | | *Sanctions for Noncompliance with Child Support Enforcement Responsibilities (Percent reduction in benefit)* | | *Effect on Food Stamp Benefits of Noncompliance with TANF Work Responsibilities* [c] |
|---|---|---|---|---|---|---|
| | | *Cash Benefit Effect for First Instance* | *Cash Benefit Effect for Repeated or Prolonged* [b] | *Cash Benefit Effect for First Instance* | *Cash Benefit Effect for Repeated/ Prolonged* [b] | |
| **Alabama** | $164 | 25% until compliance | 100% for 6 months min. | 25% until compliance | 100% for 6 months min. | Reduced 100% |
| **Alaska** | $923 | Adult portion reduced 100% for 1 month min. if the TANF adult quits/refuses to work | Adult portion reduced 100% for 12 months min. if the TANF adult quits/refuses to work | $368-$371 deducted until compliance | $368-$371 deducted until compliance | Partial reduction |
| **Arizona** | $347 | 25% for 1 month min. | 100% for 1 month min. | 25% for 1 month min. | 100% for 1 month min. | Partial reduction initially; 100% on 3rd instance of noncompliance |
| **Arkansas** | $204 | 25% until compliance | 25% until compliance | 25% until compliance | 25% until compliance | Partial reduction |
| **California** | $626 | Adult portion deducted until compliance | All but rent/utility allowances deducted for 6 months min. | 25% until compliance | 25% for 6 months min. | Partial reduction |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[c] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **Colorado** | $357 | 25% 1-3 months min. | 100% 3-6 months min. | 25% 1-3 months min. | 100% 3-6 months min. | Partial reduction |
| **Connecticut** | $543 | 20% for 3 months min | 100% for 3 months min. | 100% until compliance | 100% until compliance | Partial reduction |
| **Delaware** | $338 | 33% until compliance | 100% for lifetime | 100% until compliance | 100% until compliance | Reduced 100% |
| **District of Columbia** | $379 | Adult portion deducted until compliance | Adult portion deducted for 6 months minimum | 25% until compliance | 25% until compliance | Partial reduction |
| **Florida** | $303 | 100% until compliance | 100% for 3 months min. | 100% until compliance | 100% until compliance | Reduced 100% |
| **Georgia** | $280 | 25% for 1 month min. | 100% for lifetime | 100% until compliance | 100% until compliance | Reduced 100% |
| **Hawaii** | $712 | 100% until compliance | 100% for 3 months min. | 100% until compliance | 100% until compliance | Partial reduction |
| **Idaho** | $276 | 25% for 1 month min. | 100% for lifetime | 100% until compliance | 100% until compliance | Partial reduction |
| **Illinois** | $377 | 50% until compliance | 100% for 3 months min. | 50% until compliance | 100% for 3 months | Partial reduction |
| **Indiana** | $288 | Adult portion deducted for 2 months minimum | Adult portion deducted for 36 months minimum | Adult portion deducted until compliance | Adult portion deducted until compliance | Partial reduction |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[c] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **Iowa** | $426 | 100% until compliance | 100% for 6 months min. | 25% until compliance | 25% until compliance | Partial reduction initially; 100% for repeated/prolonged noncompliance |
| **Kansas** | $429 | 100% until compliance | 100% for 2 months min. | 100% until compliance[d] | 100% for 2 months min. | Reduced 100% |
| **Kentucky** | $262 | Adult portion deducted if the TANF adult does not complete an assessment, until compliance | 100% until compliance | 25% until compliance | 25% until compliance | Partial reduction |
| **Louisiana** | $190 | Adult portion deducted for 3 months minimum | 100% until compliance | 100% until compliance | 100% until compliance | Reduced 100% |
| **Maine** | $461 | Adult portion deducted until compliance | Adult portion deducted for 6 months minimum | Adult portion deducted until compliance | Adult portion deducted until compliance | Partial reduction |
| **Maryland** | $461 | 100% until compliance | 100% for 1 month min. | 100% until compliance | 100% until compliance | Partial reduction |
| **Massachusetts** | $579 | Adult portion deducted until compliance | Reduced 100% until compliance | Adult portion deducted until compliance | Adult portion deducted until compliance | Reduced 100% |

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**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[a] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | |
| **Michigan** | $459 | 25% for 1 month min., or 100% if family has received TANF less than 2 months | 100% for 1 month min. | Adult portion deducted until compliance | 100% until compliance | Partial reduction |
| **Minnesota** | $783 (TANF and Food Stamps combined) | 10% for 1 month min. | Reduced 30% plus rent/ utility allowances deducted 6 months min; utilities paid directly to landlord/utility company at county's option | 25% for 1 month min. | 25% until compliance | Partial reduction |
| **Mississippi** | $170 | 100% for 2 months min | 100% for lifetime | 100% until compliance | 100% until compliance | Partial reduction initially; 100% for repeated/prolonged noncompliance |
| **Missouri** | $292 | 25% until compliance | 25% for 3 months min. | 25% until compliance | 25% until compliance | Partial reduction |
| **Montana** | $468 | Adult portion deducted for 1 month minimum | Adult portion deducted for 12 months minimum | Adult portion deducted until compliance | Adult portion deducted until compliance | Partial reduction |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[a] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **Nebraska** | $364 | 100% for 1 month min. | 100% for 12 months min. | 25% until compliance | 25% until compliance | Partial reduction initially; 100% for repeated/prolonged noncompliance |
| **Nevada** | $348 | 33% for 1 month minimum | 100% for lifetime | Reduced 33% or adult share, whichever is greater for 1 month | Reduced 66% for 2nd month noncompliance; 100% for 3rd month noncompliance; lifetime for repeat noncompliance | Partial reduction |
| **New Hampshire** | $550 | Adult portion deducted for ½ month minimum | Adult portion + 2/3 of remainder deducted for ½ month minimum | 25% for the first and subsequent instances of noncompliance for ½ month minimum | 25% for ½ month min | Partial reduction |
| **New Jersey** | $424 | Adult portion deducted for 1 month minimum | 100% for 3 months min. | 100% until compliance | 100% until compliance | Reduced 100% |
| **New Mexico** | $439 | 1 month of compliance | 100% for 6 months min. | 25% until compliance | 100% for 6 months min. | Partial reduction |
| **New York** | $577 | Adult portion deducted until compliance | Adult portion deducted for 6 months minimum | 25% until compliance | 25% for 6 months | Partial reduction |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[a] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **North Carolina** | $272 | 25% for 3 months min. | 100% for 1 month min. | 25% until compliance | 25% until compliance | Partial reduction |
| **North Dakota** | $549 | Adult portion deducted for 1 month minimum | 100% until compliance | Adult portion deducted for 1 month minimum | 100% until compliance | Reduced 100% |
| **Ohio** | $362 | 100% for 1 month min. | 100% for 6 months min. | 100% for 1 month min. | 100% for 6 months min. | Reduced 100% |
| **Oklahoma** | $292 | 100% until compliance | 100% until compliance | 25% until compliance | 25% until compliance | Reduced 100% |
| **Oregon** | $460 | $50 until compliance | 100% until compliance | 25% until compliance | 100% until compliance | Partial reduction |
| **Pennsylvania** | $403 | Adult portion deducted for 1 month minimum | 100% for lifetime | 25% until compliance | 100% until compliance | Partial reduction |
| **Rhode Island** | $554 | Adult portion deducted until compliance | Reduced by 140% of adult portion until compliance | 25% until compliance | 100% until compliance | Partial reduction |
| **South Carolina** | $201 | 100% for 1 month of compliance | 100% for 1 month of compliance | 100% until compliance | [d]100% until compliance | Partial reduction |
| **South Dakota** | $430 | 50% for 1 month min. or 100% if the TANF adult quits/refuses to work | 100% for 1 month min. | 100% until compliance | 100% until compliance | Reduced 100% |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[c] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **Tennessee** | $232 | 100% until compliance | 100% for 3 months min. | 100% until compliance | 100% until compliance | Partial reduction |
| **Texas** | $197 | Reduced by $78 if one adult does not comply and by $125 if two for 1 month minimum | Reduced by $78 if one adult does not comply and by $125 if two for 6 months minimum | Reduced by $78 until compliance | Reduced by $78 until compliance | Reduced 100% |
| **Utah** | $197 | Reduced by $100 until compliance | 100% until compliance | Adult portion deducted until compliance | 100% until compliance | Reduced 100% |
| **Vermont** | $639 | Adult portion reduced until compliance | Reduced 100% until compliance | 25% until compliance | 100% until compliance | Partial reduction |
| **Virginia** | $291 | 100% for 1 month min. | 100% for 6 months min. | 25% until compliance | 100% until compliance | Reduced 100% |
| **Washington** | $546 | Adult portion deducted until compliance | Adult portion deducted or reduced 40% until compliance | 25% until compliance | 100% until compliance | Partial reduction |
| **West Virginia** | $303 | 33% for 3 months minimum | 100% for 6 months minimum | 33% for 3 months min. | 100% for 6 months min. | Partial reduction |

**Table 2: Effects on Cash Benefits and Food Stamps from Noncompliance with TANF Work or Child Support Enforcement Requirements, By State (Continued)**

| *State* | *Max. Monthly Benefit* | *Noncompliance with TANF Work Responsibilities* | | *Noncompliance with Child Support Responsibilities* | | *Effect on Food Stamp Benefits*[c] |
|---|---|---|---|---|---|---|
| | | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[a] | *Benefit Effect for First Instance* | *Benefit Effect for Repeated/Prolonged*[b] | |
| **Wisconsin** | $673 | 100% for 1 month, based on number of hours worked in previous month, therefore reduction could be partial | 100% for lifetime, based on number of hours worked in previous month, therefore reduction could be partial | 100% until compliance | 100% until compliance | Partial reduction |
| **Wyoming** | $340 | 100% for 1 month | 100% for 1 month | 100% for 1 month | 100% for 1 month | Partial reduction |

**Source:** Data incorporated in this table are drawn from "Welfare Reform: State Sanction Policies and Number of Families Affected," U.S. GAO, March 2000.

a The policy on sanctions for noncompliance with TANF work requirements requires the minimum time between imposition of first partial sanction and imposition of first full-family sanction to be: 1 month in Massachusetts, South Dakota; 2 months in Utah; 3 months in Alabama, Arizona, Georgia, Illinois, Louisiana, Nevada, New Jersey, North Carolina; 3-6 months in Colorado; 4 months in Delaware, Michigan; 6 months in New Mexico, North Dakota, Oregon, West Virginia; 9 months in Connecticut; 24 months in Kentucky, Pennsylvania

b The policy on sanctions for noncompliance with child support enforcement responsibilities require the minimum time between imposition of first partial sanction and imposition of first full-family sanction to be: 2 months in Arizona, Utah; 3 months in Alabama, Illinois, Nevada, West Virginia; 4 months in Michigan, Oregon; 3-6 months in Colorado; 6 months in New Mexico, North Dakota, Virginia

c To ensure that no inadvertent increase occurs, some states automatically decrease food stamps by a set percentage when TANF sanctions are imposed. In accordance with federal law, state policies require that eligibility for food stamps end for the non-compliant adult or, optionally, for the entire household if TANF work requirements are not met. Adult's sanctions because of noncompliance with TANF responsibilities can last 1 month or longer depending on state policy, and up to 6 months for the entire household because of noncompliance with TANF work responsibilities. Food stamp sanctions, however, may not occur at exactly the same time as TANF sanctions.

d In Kansas and South Carolina, the reduction affects the benefits of the adult and children for whom child support is withheld, not benefits of other children in the TANF family.

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## TANF Status and Housing Assistance

States made a number of important choices in whether and how they link housing assistance and TANF. These include whether housing assistance is provided in the TANF grant, as well as the extent and manner in which changes in TANF status affect the provision of such housing assistance.

To gather information on these key questions, the study engaged the services of an existing field network organized by the Rockefeller Institute for the purposes of researching institutions and management systems created by the states to implement welfare reforms and related programs in the aftermath of the Personal Responsibility Act. To extend the depth and reach of this data source which covered 15 states, we also examined published analyses by institutions with expertise in both housing policy and welfare reform, notably the Center for Budget and Policy Priorities and the General Accounting Office. The results are summarized in Table 3 and discussed below.

Although the networks of institutions involved in welfare are increasingly broad and dense at the state and local level, most have yet to include housing agencies in planning or delivering services. The potential for these connections appears strong — particularly in settings emphasizing a *service strategy* approach in encouraging economic independence, which necessarily requires tailoring and local delivery. To date, these policy and institutional links are not yet well developed.

According to reports from the field, in 11 of the 15 states, no separate housing allowance is provided with connection to TANF, and there is no specific provision for housing costs in the TANF benefit. In Tennessee, the "standard of need" used to annually calculate welfare grant levels takes housing costs into account, but the TANF grants themselves are lump sums and do not separate out housing. In Georgia, according to local reports, the TANF grant to clients is based solely on income and family members in the household and does not consider housing costs at all.

Housing costs are likewise not addressed in the TANF grant in California. The City/County of San Francisco voted down a measure in Spring 2000 that would have converted a portion of General Assistance (support available to individuals in need) into a voucher paid directly to landlords. No corresponding initiative has yet been proposed for TANF recipients.

**Table 3**
**Housing Assistance and TANF Status by State**

| *State* | *Housing Allowance/Provision for Housing Costs in TANF Benefit* | *Special Treatment of Housing in Case of Sanction* |
|---|---|---|
| **Arizona** | Higher payment standard used if housing costs are documented. No separate grant. | No |
| **California** | No | No |
| **Colorado** | Provision for housing varies by county; no separate grant. | Yes: sanctions do not affect housing assistance |
| **Florida** | Higher payment standard used if housing costs are documented. No separate grant. | No |
| **Georgia** | No | No |
| **Illinois** | No | No |
| **Kansas** | No | No |
| **Minnesota** | No | Yes: sanction may result in direct voucher payments to landlords |
| **New Jersey** | No | No |
| **New York** | The TANF grant includes a shelter allowance which, depending on county, may be paid as a voucher directly to the landlord. | Yes: sanction does not affect direct voucher payments to landlords |
| **Ohio** | No | No |
| **Tennessee** | No | No |
| **Utah** | No | No |
| **West Virginia** | No | No |
| **Wisconsin** | No | No |

Two states have different TANF assistance levels depending on whether the family pays for its housing. In Arizona, TANF grants are increased in a lump sum fashion if recipients can document housing costs. For a family of three, for example,

the TANF grant would be $347 if housing costs were documented (the amount of housing costs don't matter so long as they are documented and greater than zero) or $218 without housing costs. Florida has three payment standards: a level for families that do not have a shelter cost; a level for families with shelter costs greater than zero dollars but less than $50; and a third level for families that are homeless or have shelter burdens greater than $50.

In Colorado, the Colorado Housing and Finance Authority works with counties to provide federal money to fund some of the costs of housing for the TANF population, which some counties choose to supplement with county or state funds for diversion to help people out in the interim.[18] In at least one Colorado county, diversion funding may be used for multiple months if needed for housing subsidies — either rent or down payment or mortgage payment. Other Colorado counties make reductions in the grant if shelter costs are not involved. In one Colorado county, for example, if a person on TANF with two kids isn't responsible for any shelter costs, the county Colorado Works office reduces monthly cash assistance by 27 percent for rent and 7 percent for utilities.

In New York, the welfare grant incorporates cash assistance, a shelter allowance, heat and utility allowances. These are all calculated separately, but often handled as a lump sum payment to beneficiaries. Practices of disbursal of the grant to beneficiaries vary among counties, with some paying all or some of the grant through vouchers to landlords or utility providers. Counties have authority to use vouchers if mismanagement by TANF recipients has been determined, or upon request by TANF recipients themselves. For Safety Net recipients, after the 24-month deadline for SN cash assistance, counties have automatic authority to use vouchers. Monroe County, for example, disburses the shelter allowance through vouchers to the land-

18 By "diversion," we refer to activities intended to provide short-term aid that prevents or at least delays entry by the recipient into the TANF program. Examples include one-time cash grants, loans, or services.

lord, and pays heat and utility bills directly to the local utility providing such services. Only the cash allowance is disbursed to the beneficiary, twice monthly, electronically along with Medicaid, Food Stamps, and Cash Assistance to her Common Benefit ID Card.

As a rule, the states reviewed in this study made no special provision for how sanctions imposed on clients for noncompliance with a TANF eligibility requirement would affect any payments made through TANF for housing costs. Associates in 12 of the 15 states reported that there were no particular provisions for shelter costs in their state policies calling for TANF client sanctions leading to benefit reduction or termination. The exceptions are Colorado, Minnesota, and New York.

In Colorado, the state's policy towards sanctions, which is uniform across all Colorado counties, is that sanctions will affect cash assistance and food stamps, but not housing assistance. Under AFDC, if a person applying for cash assistance was paying $500 per month rent and was entitled to a $432 grant, the county social services agency could ask for proof of where the client got the money to pay the rent. Depending upon the situation, the county could withhold benefits. Now, under the Colorado Works Program, under similar circumstances, the county social services agency can request proof, but the agency cannot withhold benefits.

In Minnesota, the sanctions possible under the program for nonparticipation in employment services are a first time reduction of 10 percent in the grant amount, and then, if there is repeated violation of program guidelines, a 30 percent reduction. For individuals facing a 30 percent penalty, direct payments are made by counties to landlords for rent that is guaranteed to be paid in full, provided the sum does not exceed the cash benefit for which the client remains eligible.

In New York, sanctions can be imposed for failures to comply with mandates on child support, employment, drug and alcohol testing, and treatment as required by state law.

(Learnfare, a state program included in the New York State Welfare Reform Act with a sunset provision for 2000, did carry sanctions for noncompliance. It was not reauthorized by the State Legislature in 2000.) Sanctions vary according to the nature of the non-compliance. That is, if employment participation or drug and alcohol testing and/or treatment mandates are not observed by the client, the sanction is applied on a pro-rata basis after the full family-needs budget is calculated. For example, a family of five whose head of household is noncompliant would lose one-fifth of total benefits. In the case of child support (where the head of household fails to provide information about the location of the other parent), 25 percent of total family need (irrespective of the size of the household) is deducted in the TANF budget calculation. Where the local social services department makes payment of rent and utilities directly, such payments generally continue to be paid in full by voucher. Once a year, there is a reconciliation, with funds taken out of future grants if rent and utilities exceed the total grant. Where vouchers are not used, and the grant is reduced, then the claim by rent on the total grant is felt immediately.

## Funding Housing Assistance Through Welfare Reforms

Research suggests that housing can play an important role in furthering the objectives of welfare reform. The new flexibility in programs, service connections, and funding streams permitted under the Personal Responsibility Act opens up new opportunities to connect housing aid as a support to families attempting to make the transition from welfare to work. A host of important issues are raised for the design of such housing efforts, particularly insofar as they draw on "TANF" or "MOE" as sources of funding support for new housing assistance programs.[19]

The first consideration for states interested in using TANF funds or counting state expenditures towards the State's Maintenance of Effort (MOE) requirement is whether the funds will be spent to further one of the purposes of the TANF program. Ac-

cording to an analysis by the Center for Budget and Policy Priorities: "This hurdle is easily satisfied for programs that provide housing assistance to families with children."[20]

TANF funds cannot be used directly for housing construction or acquisition, except when the funds are used to assist a TANF-eligible family to become (or remain) a homeowner.[21] TANF funds may not be used to pay for the construction of multifamily rental housing, but may be used to subsidize the rents of families living in such properties. So long as TANF or MOE funds are being used to subsidize the rents of families that meet applicable eligibility requirements, the subsidy itself may either be project-based (tied to particular housing developments) or tenant-based (the tenant locates the unit).

The final federal rules governing the TANF block grant, issued in April 1999, allow states to set different income limits for different benefits and services. Under federal rules, states must set income eligibility limits for receipt of each type of TANF or MOE benefit and specify the limits in their TANF plans, but the income limits for various benefits may differ. For example, states may consider using an eligibility level for housing assistance that is higher than the welfare cut-off to help families retain jobs after they leave the TANF rolls.

States have broad discretion in setting income eligibility limits, including limits for housing assistance programs. Fam-

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19 TANF refers to Temporary Assistance for Needy Families, a federal block grant to states that replaced Aid to Families with Dependent Children (AFDC) and defines the extent of federal public assistance to the poor and the parameters for state assistance under the Personal Responsibility Act of 1996. MOE refers to "maintenance of effort" funds that states are required to spend in order to receive their full federal TANF block grant.

20 *The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work*, Center of Budget and Policy Priorities, Washington, DC (February 2000), 34.

21 Generally, federal funds cannot be used for the construction or purchase of facilities owned by private parties without specific statutory authorization. *See* 64 Fed. Reg. 17,840 and 45 C.F.R. 263.11. The transfer of TANF funds to the Social Services Block Grant would not alter this restriction. The same restrictions may apply to MOE funds.

ilies provided TANF- or MOE-funded housing assistance must qualify as "needy" under the housing assistance component of the state TANF plan (or, if the state's TANF plan does not have a housing assistance component, under a general TANF/MOE eligibility rule that covers otherwise unspecified services). But experts report that states have wide discretion in how they define "needy," and are able to do so largely as they fit.

A key issue in analyzing whether to use federal TANF funds for a particular project is whether that use qualifies as "assistance." Families that receive TANF "assistance" are subject to certain requirements that do not apply if the TANF-funded benefits they receive are *not* considered "assistance" under the federal rules.

TANF benefits qualify as "assistance" when they help to meet a family's basic and ongoing needs. Benefits that are provided to meet a short-term, nonrecurrent need for a period not exceeding 120 days are not considered "assistance."[22] If a state uses federal TANF funds to pay for part or all of a family's *ongoing* housing costs, this use qualifies as "assistance" under the federal TANF regulations. This is true even if the payments are considered by the state to be a "work support." Although the federal TANF rules exclude from the definition of "assistance" certain types of benefits for working families, such as child care and transportation, the rules explicitly state that this exclusion does not apply to ongoing rent subsidies because housing is considered part of a family's basic needs.[23]

22 According to the Center for Budget and Policy Priorities, under the final federal regulations governing the TANF block grant, payments that states make with TANF funds to meet a short-term need do *not* cause the time-clock to run on families' five-year lifetime limit on receipt of federal TANF benefits. Examples of short-term benefits that could be provided for up to 120 days without invoking federal time-limits include: payments for rent, mortgage, or utility arrears (in any amount) and prospective housing payments and/or emergency shelter costs. In addition, recipients of such short-term benefits do not need to assign their child support rights to the state, and such families are not considered in determining states' compliance with federal work participation requirements.

23 See Preamble to Final TANF Regulations, 64 Fed. Reg. 17720, 17757, 17762 (April 12, 1999).

Since ongoing housing assistance funded with TANF dollars is "assistance," the federal conditions that apply generally to receipt of TANF "assistance" apply to receipt of TANF-funded housing subsidies. The most important of these is the condition regarding the federal five-year lifetime limit on receipt of TANF-funded assistance. Each month that a family receives the benefit of a TANF-funded housing subsidy counts toward the family's five-year lifetime limit on receipt of federal TANF assistance. If a family exhausts its federal TANF benefits, it may be unable to receive subsistence benefits in the future regardless of why the family becomes destitute or the extremity of its needs.[24]

Consequently, affordable housing advocates, such as CBPP, recommend that federal TANF funds be used to provide housing subsidies to families *already receiving* TANF assistance, since their receipt of rental assistance will not further affect their five-year time limit. TANF-funded housing subsidies can be a useful tool to help families in their TANF cash aid programs succeed in job training programs and at their work efforts. TANF families whose urgent housing needs make it impossible to sustain full-time work would be a particular target for such assistance.

Another strategy is to target rent subsidy programs on families with earnings that are no longer receiving monthly TANF cash benefits as a way of bolstering the likelihood of their achieving long-term economic independence. It is best to use

24 As summarized by CBPP: the general rule is that a state may not use federal TANF funds to provide "assistance" to a family in which the adult head of household or spouse of the head of household has received federal TANF "assistance" for 60 months. This rule applies even if a family moves to another state. States have the option to provide TANF assistance beyond 60 months to up to 20 percent of the TANF caseloads. They also may assist families that have exhausted their federal TANF assistance with state MOE funds. Similarly, states may provide benefits financed entirely with state MOE funds to certain families, such as families whose earnings the state wishes to supplement, families enrolled in post-secondary education, and families in which a parent is temporarily disabled; if these benefits are funded entirely with state funds that are separately accounted for, receipt of the benefits does not count against the families' five-year federal time limit.

MOE funds to provide housing assistance to such working families, because they do not count against families' five-year lifetime federal time limit on receipt of TANF assistance should they be available.

## Examples of TANF or MOE-Funded Housing Programs

The institutional connections between housing agencies and the increasingly complex local networks responsible for TANF are generally not well developed, but there is increasing interest and growing activity among the states regarding the use of TANF and MOE funds for related housing initiatives. Research associates at the state level report that connections between TANF/MOE and housing assistance are most commonly found in the form of provisions for aid to the homeless or for other emergency housing circumstances, such as eviction prevention. Programming of this sort, financed either with TANF or MOE dollars, was identified in 9 of the 15 states in this study. (See Table 4.)

Arizona operates a "Short-Term Crisis Services Program" that provides individuals with financial assistance to stave off welfare. According to what case managers see as needed in particular cases to "secure or maintain employment," the program can offer emergency shelter, rent or mortgage assistance, assistance with utility payments, and short-term crisis services provided by community-based organizations.

In Colorado some counties use TANF money for emergency shelter and short-term rental assistance when proof of impending eviction can be established. Typically, such assistance is time limited. To get around this limitation, one county distributes a portion of its block grant to two different nonprofits who then provide emergency shelters to TANF clients. It is also common in some counties for the county Department of Social Services to provide short-term aid for supportive services, including some money for shelter.

In Florida, the state committed $5 million dollars of "windfall" TANF money to the Homeless Coalition of Florida, a statewide group, which then contracted with approximately 30 local organizations that provide services to the homeless.

The state of Minnesota provides funds for emergency and transitional housing through its TANF program, known as the Minnesota Family Investment Plan (MFIP). The Family Homeless Prevention Program is run through grantees, typically community action program agencies, who provide funding for emergency housing for up to four months to MFIP and qualifying non-MFIP families. The amount of assistance is determined by the costs of the shelter and may be provided for up to two distinct episodes per year.

MFIP also funds a transitional housing assistance program that provides up to four months assistance to MFIP and qualifying non-MFIP families who are under 200 percent of the federal poverty line.

The main purpose of emergency assistance in New York — which may include rental or tax arrears, home repairs, and utility services — is to divert persons from enrollment in TANF or "Safety Net" enrollment. Such shelter-related, one-time benefits are targeted to the working poor, whose eligibility was broadened in the TANF surplus funds legislation to up to 200 percent of poverty. Housing purposes not only may be included in the emergency aid provision funded by TANF and Safety Net, they most typically are. The purposes for which emergency aid may be extended are tax, rent or mortgage arrears, and home repairs. Such emergency aid may also be extended in the form of special grants to persons already enrolled in TANF or Safety Net. The New York State Legislature in April 2000 allocated $1.667 billion in TANF surplus spending for state fiscal year April 1, 2000- March 31, 2001. The only specific allocation for housing assistance is $3 million for Homeless Assistance, within the Transitional/Local Administration category.

Under Ohio Works First, as the state of Ohio's version of TANF is known, the state's 88 counties are responsible for the implementation of welfare reform. In Cuyahoga County, the Cleveland Housing Network, along with other community-based organizations, has obtained $511,500 in County "Protection, Retention and Contingency funds," which can be used to provide emergency housing assistance intended for eviction prevention, including up to four months rent and/or utility assistance. Rent funds may not be provided for more than three months in any 12 month period. These funds will serve an estimated 420 families with an average grant of $950. Cuyahoga County families can obtain up to $3,000 in emergency assistance in a year if they have not been sanctioned through the County. The County also has a Child Safety Review Team performing home visits and which can issue a voucher up to $300 for anything including back rent, security deposit, and the like as circumstances warrant.

In Utah, TANF clients can apply for emergency grants to help them pay rent or utility bills if threatened by eviction. The funds are limited to $300 and require a showing of impending eviction. They can only be received once a year but do not reduce benefit levels of other services. Clients that wish to apply for housing assistance must go to city or county housing agencies.

Four among the 15 states included in this study are using TANF or MOE funds to support ongoing housing assistance for families (California, Minnesota, New Jersey, and Wisconsin). As a rule, those programs serve selected families also currently receive TANF, or families who have made the transition from TANF to work.

New links between housing programs and TANF programs are beginning to appear in California, with respect to CalWORKs, as California's TANF program is known. In fiscal year 2000, California took advantage of the MOE provision and funded a Families Moving to Work program, a small $6 million

program administered by the Housing and Community Development Department. The program subsidizes the rents in newly constructed buildings for a limited number of units that will house families enrolled in CalWORKs. Like other programs, it involves a competitive application process by CDCs and other developers. As described in a recent report by the California Budget Project, the Families Moving to Work Program (FMTW) administered by California's Department of Housing and Community Development (HCD) provides CalWORKs recipients with limited-term housing assistance combined with case management, employment services, child care, and other supportive services. The FMTW program provides deferred payment loans to developers of assisted housing to help reduce rents to a level affordable to CalWORKs recipients. FMTW loan proceeds can be used to build housing and child care, after school care, and social services facilities integrally linked to housing and fund reserves used to subsidize rent for CalWORKs recipients. Families occupying housing supported through FMTW must participate in welfare-to-work activities and receive assistance for a limited time. At the end of this initial period, residents must either move from the unit or pay market rent. FMTW rents during the assistance period are capped at $256 for a one-bedroom, $313 for a two-bedroom, and $425 for a three-bedroom apartment in the 17 high-cost counties in the state.[25]

Each county can decide whether to use TANF funds to support short-term housing assistance, but the state does not provide its own funds. Some of the counties are specifically addressing housing needs for welfare-to-work families, including San Francisco and Alameda County.

According to the city web site, and the California Budget Project,

> "[Additionally,] San Francisco will implement [its own] rental subsidy program in July 2000 for CalWORKs families

25 California Budget Project, "Housing Matters for CalWORKs Families, California Welfare Reform Update," Sacramento, CA, April 2000.

in which the parent is working or advancing in a training program. Applicants would be expected to demonstrate acute housing needs and prospects for self-sufficiency in order to gain entry into this three-year program, which provides a rental subsidy that declines over time. Program participants must be CalWORKs recipients when entering the program but can continue receiving the housing subsidy after leaving CalWORKs cash assistance.

Though the rent that the family pays increases as the subsidy decreases each year, the city will deposit the additional rent into an Individual Development Account (IDA). Federal law allows recipients to maintain IDAs with no effect on their eligibility for or level of assistance from welfare. Recipients can access IDA funds for certain purposes, such as education, down payments on a home, and business start-up expenses. The program will be funded with both county general fund and CalWORKs dollars."[26]

Moreover, the Alameda County Social Service Agency, working with HUD and the Oakland Housing Authority, has obtained an additional 100 Section 8 certificates for Oakland and the city of Alameda. They are engaged in shared outreach with the County's five housing authorities to encourage CalWORKs recipients in public housing and Section 8 rentals who are at risk of being sanctioned. There is a wrap-around family service pilot underway with the Oakland Housing Authority and the Corporation for Supportive Housing to target 20-50 at-risk and sanctioned CalWORKs families living in public housing at one complex. A countywide revolving rental housing loan fund is being created to target low-income CalWORKs families seeking move-in monies. Like San Francisco, Alameda County CalWORKs has also funded a collaboration of groups, led by the East Bay Asian Local Development Corporation (one of our case studies), to match Individual Development Account program as a post-employment incentive.

26 Ibid.

CalWORKs also allows counties discretion to award "diversion grants," a lump sum payment in lieu of going on aid. In Alameda County, for example, up to $2,000 can be used for a long list of eligible situations, including need for emergency housing assistance. This lump sum is over $3,000 in San Francisco.

Staff at Housing and Community Development report that they have from time to time discussed using TANF block grants to fund housing development programs of one kind or another, because of flexibility in the federal guidelines. So far, no specific recommendations or changes have been made beyond the Families Moving to Work program.

Minnesota's Rental Assistance for Family Stability (RAFS) program provides tenant-based housing vouchers that subsidize rents for housing that families locate in the private market. The program also allocates a small portion of available assistance to particular property owners for project-based rental subsidy, which the state is reportedly seeking to increase.[27] A maximum rental subsidy of $250 per month (less in counties with lower average rental costs) is payable to families for up to a maximum of 60 months. Eligibility for Minnesota's RAFS program is limited to families that were at least initially receiving TANF cash benefits and resided in the 30 percent of counties with the highest average rental costs. Rental assistance may continue should TANF benefits cease due to the amount of earnings generated by employment. Assistance through RAFS will be terminated, however, should a family fail for six months to comply with their employment and training plan or to work at least half-time.

Minnesota began its rental assistance program with general state funds as part of its initial welfare reform effort in 1992. After the TANF program began, the state initially claimed the state

27 According to the Center for Budget and Policy Priorities, Minnesota's program is presently less than 5 percent project-based and could be up to 50 percent project-based under its authorizing legislation. See CBPP op cit, 27.

funds expended on RAFS as part of the required match for the Department of Labor's Welfare-to-Work program and beginning in the fall of 1999, new funding for RAFS comes from Minnesota's federal TANF block grant. Unexpended state funds from prior years are used to provide rental assistance to families whose earnings make them ineligible for monthly TANF benefits. In the future, Minnesota may claim these state funds towards its MOE obligation in the year expended.[28]

The Work First New Jersey Housing Assistance Program provides time-limited rental subsidies to working families who are exiting welfare to begin unsubsidized employment. Managed by the New Jersey Department of Community Affairs in partnership with the New Jersey Department of Human Services, these housing subsidies are designed to help minimize episodes of financial crisis; stabilize the financial situations of wage earners who are exiting the welfare system; and provide opportunities for lower-wage workers to establish systematic savings and to become first-time homeowners where feasible.

Under New Jersey's program, active in Asbury Park, Camden, Elizabeth, New Brunswick, and Trenton, participating families pay a percentage of their monthly income toward their rent in graduated increases over three years: Year One — 45 percent; Year Two — 55 percent; Year Three — 65 percent. The program pays the remainder of the rent directly to the property owner.

The program will establish escrow/savings accounts for participating families. For example, if a participant's share of rent increases by $50 per month because of an increase in earned income, that $50 per month which the program would have paid to the landlord as part of the rental subsidy is placed into an interest-bearing escrow savings account for the family.

In a complementary program, the New Jersey Housing and Mortgage Finance Agency will extend homeownership oppor-

28 CBPP, op cit, 20

tunities to families who wish to pursue the purchase of their homes. These opportunities will include 100 percent financing of mortgage loans with no down payment, extensive homeownership counseling, mortgage rates well below market, and financial assistance with closing costs.

In Wisconsin, local W-2 agencies are permitted to provide rental or housing assistance, using TANF funds. This is usually done via "Job Access Loans," although some local agencies have established other mechanisms for providing for assistance to prevent eviction. Local agencies may also use "Community Reinvestment Funds" to improve local housing opportunities.

**Table 4**
**TANF- or MOE-Funded Housing Assistance, by Program Type**

| *State* | *Homeless* | *Emergency* | *Ongoing Subsidy* |
|---|---|---|---|
| Arizona | ✓ | ✓ | |
| California | ✓ | ✓ | ✓ |
| Colorado | | ✓ | |
| Florida | ✓ | | |
| Georgia | | | |
| Illinois | | | |
| Kansas | | ✓ | |
| Minnesota | ✓ | ✓ | ✓ |
| New Jersey | | | ✓ |
| New York | ✓ | ✓ | |
| Ohio | ✓ | ✓ | |
| Tennessee | | | |
| Utah | | ✓ | |
| West Virginia | | | |
| Wisconsin | | | ✓ |

In addition to the programs identified through field network reports, the Center for Budget and Policy Priorities recently reported that, in the last two years, the states of Connecticut, Ken-

tucky, Maryland, and North Carolina have begun using federal TANF or MOE funds, alone or in combination with other funds, to establish programs to provide housing assistance to families attempting to make the transition from welfare to work. Like those programs described above, these new TANF- or MOE-funded housing assistance programs typically provide tenant-based housing vouchers that families may use to reduce their rent burden for the housing they already occupy or to rent new housing in the private market. The program in Mecklenburg County, North Carolina, allocates a portion of the available subsidies to particular property owners, who rent their units to eligible families and may provide families with additional work-related services. Before agreeing to subsidize a rental unit the family has selected, the administering entity inspects the unit to determine if it meets housing quality standards and checks to make sure the rent is reasonable and does not exceed a certain maximum amount.

The Maryland program, like Minnesota's, pays a maximum rental subsidy of $250 per month; in counties with lower average housing costs, the subsidy is lower. The amount of a family's rent subsidy is determined by the average rent level of the county in which the family lives and the actual rent of the unit in question.

The Connecticut program, by contrast, bases its subsidy amount on families' incomes, requiring families to pay a set percentage of their income (as adjusted in modest ways) for rent and subsidizing the difference between the family contribution and a maximum rent level (or the actual rent of the apartment, if less than the maximum level). The required tenant contribution in the first year of the subsidy is 40 percent of adjusted family income in Connecticut. Unlike federal Section 8 housing vouchers, the vouchers are time-limited to one year in Connecticut, and 18 months in Maryland and North Carolina.[29]

29 Ibid.

North Carolina required counties applying for the new TANF funds to demonstrate how families would be assisted to achieve long-term housing stability. As a result of this emphasis, counties proposed a range of strategies, including training and services to help families increase their skills and earning power, economic literacy training to help families better manage their spending, savings incentives to help families afford downpayments for homeownership, and granting participating families priority on the local housing agency's waiting list for federal Section 8 vouchers.[30]

In Kentucky, in contrast to these rental assistance programs, the state welfare agency transferred $4 million of federal TANF funds to the Kentucky Housing Corporation to establish the TANF Homeownership Program. The funds are used to make homeownership affordable for former TANF families by loaning families up to $25,000 to reduce the amount of a home purchase price for which they need to secure a mortgage. If families retain their homes for five years, the loans are forgiven. State officials expect that most families selected for the program will be participants in the federal Section 8 program who have been able to accumulate funds for a downpayment on a home through a HUD-funded self-sufficiency initiative known as the Family Self-Sufficiency Program.[31] The federal Section 8 subsidies no longer used by the new homeowners under the Kentucky program will go to families on the housing agencies' waiting lists, some of whom are likely to be current or former TANF recipients.

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30 Ibid.

31 HUD's Family Self-Sufficiency (FSS) program has two major components: (a) an escrow feature requiring housing agencies to deposit into a special savings account the amounts that a family pays in increased rent as result of higher earnings during the family's participation in the FSS program; and (b) case management services that provide participating families with assessments of their employment goals and education/training needs and help them access needed services. Some housing agencies are required by HUD rules to have an FSS program. All other agencies that administer a public housing or Section 8 voucher program are permitted to establish FSS programs. HUD's funding formulas for housing agencies provide additional funds to reimburse them for the sums deposited in FSS escrow accounts.

A demonstration program in Durham County, North Carolina, provides 30 families that participate in both the Section 8 voucher program and HUD's Family Self-Sufficiency (FSS) program with services for up to 12 months to help them increase their skills and obtain better-paying jobs so they can afford unsubsidized housing or homeownership. To help participants make a downpayment on a home, the program will also provide each family with a grant to match the savings the family has achieved through a special escrow feature of the Family Self-Sufficiency program that allows FSS participants who increase their earnings from work to build substantial escrow accounts. Under the program, the County grant will be combined with the family's savings in its FSS escrow account to increase the size of the family's downpayment.[32]

The Durham County program also has features designed to help homeless families achieve long-term housing stability. This component of the county's plan has two stages. In the first stage, lasting up to 12 months, the homeless families will receive TANF-funded rent subsidies. These state subsidies are a bridge to the second stage, in which the families receive ongoing federal Section 8 vouchers. The Section 8 vouchers that will be provided to these formerly homeless families are those that become available as a result of the success of the homeownership component of the program.[33]

Like the other state programs described in this study, the programs identified by CBPP generally require that when families first receive assistance, the families must be current or recent TANF recipients. (To grant maximum flexibility to rural counties with fewer TANF recipients, the North Carolina program permits counties to include working families without a history of TANF receipt among those eligible for their programs, subject to a maximum family income limit.) As a condition for the initial receipt of assistance, the programs typically require families to be working, in a training program, or otherwise in

32 CBPP, op cit.
33 Ibid.

compliance with the job search, training or work requirements under the state or county TANF plan. All of the states except Connecticut either limit the areas of the state in which the program operates or require agencies or counties to compete for the limited pool of funds, or both.

As a rule, these programs are restricted either to families that were receiving monthly TANF cash benefits upon entry into the program, to families that have worked their way off TANF benefits, or to both groups. The programs differ from one another in how they respond if families lose their jobs or cease participating in training or self-sufficiency programs while they are receiving housing assistance. In Connecticut, families that lose their job also lose their housing subsidy. The New Jersey and Minnesota programs are more flexible in this regard.

The Maryland and North Carolina programs, for example, serve both current TANF recipients and families that formerly received TANF benefits. Maryland requires that families have received TANF benefits within the 12 months prior to their initial receipt of housing assistance. North Carolina does not impose any restriction on when families formerly received TANF benefits, although individual counties may do so. Each of these programs limits eligibility to families with less than a certain maximum income. Although some of the state and local programs follow the federal practice and set income limits in relation to the area median income, as adjusted for family size, others set income limits tied to the federal poverty line (or some multiple of the federal poverty line). For example, families are ineligible for housing assistance in the Maryland program if their income exceeds 30 percent of the area median income as adjusted for family size (about $16,000, or $1,330 per month, for a family of three in the Baltimore area). In North Carolina, the limit is 200 percent of the federal poverty line (about $27,000 per year or $2,250 per month, for a family of three).[34] Under the North Carolina program, counties have the option to

34 Ibid.

assist families that have never received TANF benefits but have incomes below 200 percent of the federal poverty line.

The Connecticut and Kentucky programs serve only working families that have become ineligible for TANF benefits. In Connecticut, families also must have exhausted the state's 21-month TANF time limit. Like the other programs that serve former TANF recipients, these states have set a maximum income limit. The income limit in Connecticut is 50 percent of the state median income ($31,717 per year, or $2,643 per month). Kentucky has set the maximum income at $27,760 ($2,300 per month) for a family of three or more.

Implementation of TANF by the states and their partners has led to wholesale reforms in the content and delivery of public assistance that are without precedent in recent decades. Legislative debates about time limits, work requirements and sanctions have turned to implementation discussions and complex institutional change, as significant restructuring of organizational responsibilities has brought different governmental and nongovernmental agencies to the forefront. In the process, greater attention has been paid by policymakers, advocates and analysts to local networking of services and service providers in support of economic independence, with child-care and transportation aid increasingly included in the mix.

So far, despite the strong logical relationship between welfare reform and housing assistance, housing programs have been largely separate from these new arrangements and the institutional and policy connections between these spheres remain nascent at the state level. To date, the relationship is seen most directly in two circumstances: first, when a TANF participant is sanctioned for noncompliance with a work or child-care requirement under TANF and consequently loses a housing benefit they receive; second, with respect to what states provide to help families deal with emergency situations, thereby diverting potential TANF cases. Stable housing environments and desirable residential locations are linked to central objectives of welfare

reform, such as higher employment rates and earnings. Consequently, unless they are precluded by future changes in the economy or federal funding, it is likely that welfare-connected housing programs of the sort described here will expand and become more common.

## The Local Setting

A sample of 24 community development corporations and 48 CDC housing projects were selected for further analysis in the field. The community development corporations and projects included in the study are summarized in Table 5.

According to the National Congress for Community Economic Development (NCCED), the median operating budget among CDCs nationally is in the range of $200,000 to $399,000. The median age of CDCs is 15 years and the median staff size is six. In terms of production, about one-third (34 percent) of all CDCs have produced 100 or more units of housing over the lifetime of their organization and about one-quarter (24 percent) have generated 25 units annually over the past four years.

Most of these organizations, according to the NCCED survey, serve target areas with up to 50,000 people, while about one in five (17 percent) serve areas with more than 250,000 residents. Typically, CDCs serve people of low or very low income, with incomes below 80 percent or below 50 percent of the area wide median income level.[35]

As set forth in the Methodology section, the CDCs we sought to include in this study are not necessarily representative of the universe of all CDCs. In each city, we selected CDCs that had housing built and occupied prior to the advent of welfare reform. We also sought to include developments that had relatively high proportions of TANF households. Finally, we over-sampled developments that were built with the Low Income Housing Tax Credit.

As the pages that follow detail, the median proportion of TANF households in the developments we analyzed was 13 percent. This is virtually the same proportion of TANF recipients as were included in a recent HUD-funded study of Low Income

35 NCCED, supra, p. 7, 9, 10, 12.

Housing Tax Credit developments owned and operated by non-profit organizations.[36] The median proportion of TANF recipients who received rental subsidies in our sample was 53 percent. This compares to 31 percent of TANF recipients who received Section 8 assistance in the other HUD-funded study.

According to the field associates, the CDCs included in this study somewhat over represent older, larger, and more capable CDCs. This was partly attributable to the fact that these organizations met our rigorous selection criteria and that these organizations were more likely to agree to participate in the study and spend time with our field associates. As shown in Table 5, the median age of CDCs in this study is 20 years and the median staff size is over 36 employees. The median operating budget is $1.2 million and the median number of housing units created is 400. Furthermore, the developments we examined are fairly representative in terms of size, age, and physical characteristics of the rental developments owned and operated by these CDCs.

This section provides a brief description of each CDC in the study. Profiles are included of the neighborhood areas in which these organizations are active, which are summarized in Table 6. The selected projects are described as well; key project characteristics are provided in Table 7 and the characteristics of the tenants in these projects are summarized in Tables 8 and 9. The descriptions set forth in the section are included for two reasons. First, they will allow the reader to judge for himself or herself how representative our sample is. Second, it might be expected that the impacts of welfare reform would vary depending upon the mission of a CDC, its geographic scope, and the type of housing it provides. This section will provide the reader with important information regarding these characteristics.

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36 [Buron, Larry, Sandra Nolden, Kathleen Heintzi, and Julie Stewart. Assessment of the Economic and Social Characteristics of LIHTC Residents and Neighborhoods: Final Report. Washington, D.C.: U.S. Department of Housing and Urban Development, 2000.

**Table 5**
**CDC Organizational Characteristics**

| *CDC Name* | *Age of CDC (years)* | *Operating Budget* | *Staff Size* | *Total Units Developed* |
|---|---|---|---|---|
| **ATLANTA, GA** | | | | |
| Historic District Development Corp. | 20 | See Note | 9 | 123 |
| Peoplestown Revitalization Corp. | 9 | See Note | 8 | 114 |
| Progressive Redevelopment, Inc. | 11 | $4,583,521 | 10 | 1,175 |
| Reynoldstown Revitalization Corp. | 10 | See Note | 7 | 65 |
| **CHICAGO, IL** | | | | |
| Hispanic Housing Development Corp. | 25 | $30,000,000 | 145 | 2,800+ |
| Woodlawn Preservation & Investment Corp. | 13 | $950,000 | 8 | 1,415 |
| Bickerdike Community Development Corp. | 31 | $8,000,000 | 82 | 827 |
| People's Reinvestment & Development Effort | 19 | $668,000 | 19 | 485 |
| **CLEVELAND, OH** | | | | |
| Buckeye Area Development Corp. | 30 | $1,200,000 | 45 | 380 |
| Detroit-Shoreway Community Devel. Corp. | 27 | $750,000 | 19 | 200 |
| Mt. Pleasant Now Development Corp. | 12 | $800,000 | 16 | 158 |
| Slavic Village Development Corp. | 20 | $1,300,000 | 28 | 602 |

Continued



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**Table 5**
**CDC Organizational Characteristics (Continued)**

| *CDC Name* | *Age of CDC (years)* | *Operating Budget* | *Staff Size* | *Total Units Developed* |
|---|---|---|---|---|
| **MINNEAPOLIS, MN** | | | | |
| Central Community Housing Trust | 14 | $1,300,000 | 15 | 920 |
| Northside Residents' Redevelopment Council | 31 | $2,700,000 | 13 | 400 |
| Project for Pride in Living | 28 | $15,000,000 | 93 | 455 |
| Whittier Housing Corporation | 6 | $177,000 | 4 | 158 |
| **NEW YORK CITY, NY** | | | | |
| Abyssinian Development Corp. | 11 | $11,000,000 | 50 | 400+ |
| Cypress Hills Local Development Corp. | 17 | $2,200,000 | 150 | 143 |
| Fordham Bedford Housing Corp. | 20 | $1,000,000 | 140 | 1,750 |
| Los Sures | 28 | $6,000,000 | 50 | 400+ |
| **SAN FRANCISCO, CA** | | | | |
| Dignity Housing | 11 | $30,000 | 1 | 150 |
| East Bay Asian Local Development Corp. | 25 | $2,600,000 | 78 | 600+ |
| Mission Housing Development Corp. | 29 | $3,600,000 | 100+ | 400+ |
| Oakland Community Housing, Inc. | 25 | $600,000 | 48 | 800+ |
| **MEDIAN** | **20** | **$1,300,000** | **23.5** | **400** |

*Note:* Operating budgets were not available

**Table 6**
**Neighborhood Characteristics of Selected CDCs**

| *CDC Name* | *Population of Area* | *Geographic Area* | *Neighborhood Poverty Rate* |
|---|---|---|---|
| **ATLANTA, GA** | | | |
| Historic District Development Corp. | 3,745 | MLK Jr. Historic District | 44% |
| Peoplestown Revitalization Corp. | 2,527 | Peoplestown neighborhood | 51% |
| Progressive Redevelopment, Inc. | 13,304 | Metro Atlanta | 17% |
| Reynoldstown Revitalization Corp. | 2,206 | Reynoldstown neighborhood | 27% |
| **CHICAGO, IL** | | | |
| Hispanic Housing Development Corp. | 140,000 | Logan Square, Albany Park | 22% |
| Woodlawn Preservation & Investment Corp. | 27,473 | Woodlawn area, 2 mi. | 32% |
| Bickerdike Community Development Corp. | 237,881 | West Town, Humboldt Park, Logan Square | 26% |
| People's Reinvestment & Development Effort | 114,079 | Austin area | 23% |
| **CLEVELAND, OH** | | | |
| Buckeye Area Development Corp. | 15,676 | Eastside, 1 mi | 23% |
| Detroit-Shoreway Community Devel. Corp. | 18,744 | Westside, 2 mi | 39% |
| Mt. Pleasant Now Development Corp. | 25,106 | Ward 3, 2.1 mi | 31% |
| Slavic Village Development Corp. | 29,810 | Southeast, 5.2 mi | 24% |

Continued

**Table 6**
**Neighborhood Characteristics of Selected CDCs (Continued)**

| *CDC Name* | *Population of Area* | *Geographic Area* | *Neighborhood Poverty Rate* |
|---|---|---|---|
| **MINNEAPOLIS, MN** | | | |
| Central Community Housing Trust | 21,400 | Downtown, North Loop, Elliot Park, Stevens Square, Loring Park | 33% |
| Northside Residents' Redevelopment Council | 14,592 | Near North, Willard Hay | 36% |
| Project for Pride in Living | 17,067 | Phillips, Central, Whittier, St. Paul, New Hope, St. Louis Park | 44% |
| Whittier Housing Corporation | 12,951 | Central City | 31% |
| **NEW YORK CITY, NY** | | | |
| Abyssinian Development Corp. | 25,033 | Central Harlem | 35% |
| Cypress Hills Local Development Corp. | 35,747 | Cypress Hills, Brooklyn | 27% |
| Fordham Bedford Housing Corp. | 126,981 | NW Bronx | 32% |
| Los Sures | 46,708 | Brooklyn, Southside Williamsburg | 52% |
| **SAN FRANCISCO, CA** | | | |
| Dignity Housing | 29,659 | Oakland City | 17% |
| East Bay Asian Local Development Corp. | 76,578 | East Bay | 41% |
| Mission Housing Development Corp. | 57,000 | Mission District, <2 mil | 9% |
| Oakland Community Housing, Inc. | 98,227 | North Alameda County, West Contra Costa County | 24% |
| **MEDIAN** | **26,290** | | **31%** |

**Table 7**
**Characteristics of CDC Projects in the Study**

| *Project Name* | *Occ. Date* | *# of Buildings* | *# of Units* | *# Of Tenants* | *Density (Scattered/ Concentrated)* | *# of LIHTC Units* | *LIHTC Unit Rent* |
|---|---|---|---|---|---|---|---|
| **ATLANTA, GA** | | | | | | | |
| ***Historic District Development Corporation*** | | | | | | | |
| Henderson Place | 1998 | 5 | 58 | 62 | Concentrated | 58 | $285-$377 |
| Scattered Site Housing | varies | 25 | 25 | 21 | Scattered Site | 24 | $400-690 |
| ***Peoplestown Revitalization Corporation*** | | | | | | | |
| Peoplestown Villa | 1998 | 2 | 20 | 18 | Concentrated | 20 | $370 |
| Square at Peoplestown | 2000 | 6 | 94 | 100+ | Concentrated | 94 | $477-$641 |
| ***Progressive Redevelopment, Inc.*** | | | | | | | |
| DeLowe Village | 2000 | 9 | 64 | 109 | Concentrated | 59 | $250-$380 |
| Welcome House | 1993 | 1 | 209 | 197 | Concentrated | 209 | $475-$525 |
| ***Reynoldstown Revitalization Corporation*** | | | | | | | |
| Amberwood | 1994 | 2 | 30 | 64 | Concentrated | 30 | $340 |
| Scattered Site Housing | varies | 35 | 35 | | Scattered Site | 0 | n/a |
| **CHICAGO, IL** | | | | | | | |
| ***Hispanic Housing Development Corporation*** | | | | | | | |
| Central Park | 1995 | 1 | 45 | 100 | Concentrated | 45 | $519 |
| Diversey Phase II | 1989 | 1 | 48 | 132 | Concentrated | 0 | n/a |
| ***Woodlawn Preservation & Investment Corp.*** | | | | | | | |
| Grove Parc Plaza Apartments | 1990 | 26 | 504 | 1,241 | Concentrated | 0 | n/a |
| University Village | 1996 | 6 | 84 | 175 | Scatter Site | 84 | $535-$575 |

Continued

**Table 7**
**Characteristics of CDC Projects in the Study (Continued)**

| *Project Name* | *Occ. Date* | *# of Buildings* | *# of Units* | *# Of Tenants* | *Density (Scattered/ Concentrated)* | *# of LIHTC Units* | *LIHTC Unit Rent* |
|---|---|---|---|---|---|---|---|
| ***Bickerdike Community Development Corp.*** | | | | | | | |
| Boulevard Apartments | 1992 | 3 | 70 | 175 | Concentrated | 70 | $451 |
| Nuestro Pueblo | 1996 | 5 | 69 | 188 | Concentrated | 69 | $459 |
| ***People's Reinvestment & Development Corp.*** | | | | | | | |
| Rebecca Walker | 1996 | 2 | 64 | 66 | Concentrated | 29 | $550 |
| African Village | 1991 | 3 | 95 | 285 | Concentrated | 0 | n/a |
| **CLEVELAND, OH** | | | | | | | |
| ***Buckeye Area Development Corporation*** | | | | | | | |
| CHN LP 11 | 1996 | 15 | 24 | 54 | Scattered Site | 24 | $199-$385 |
| CHN LP 5 | 1990 | 1 | 2 | 4 | Scattered Site | 2 | $225-$251 |
| ***Detroit-Shoreway Community Devel.+ Corp.*** | | | | | | | |
| Kennedy Building | 1994 | 1 | 8 | 13 | Concentrated | 8 | $280-$425 |
| CHN LP 11 | 1996 | 10 | 14 | 43 | Scattered Site | 14 | $200-$370 |
| ***Mt. Pleasant Now Development Corporation*** | | | | | | | |
| Mt. Pleasant Homes II | 1996 | 29 | 50 | | Concentrated/Scattered | 29 | $385-$415 |
| CHN LP 11 | 1996 | 2 | 2 | 4 | Scattered Site | 2 | $326-$350 |
| ***Slavic Village Development Corporation*** | | | | | | | |
| CHN LP 5 | 1990 | 14 | 24 | 60 | Scattered Site | 24 | $204-$369 |
| CHN LP 11 | 1996 | 21 | 24 | 76 | Scattered Site | 24 | $199-$411 |

Continued

**Table 7**
**Characteristics of CDC Projects in the Study (Continued)**

| *Project Name* | *Occ. Date* | *# of Buildings* | *# of Units* | *# Of Tenants* | *Density (Scattered/ Concentrated)* | *# of LIHTC Units* | *LIHTC Unit Rent* |
|---|---|---|---|---|---|---|---|
| **MINNEAPOLIS, MN** | | | | | | | |
| ***Central Community Housing Trust*** | | | | | | | |
| Barrington Hotel | 1991 | 1 | 26 | 29 | Concentrated | 13 | n/a |
| Elliot Court Apartments | 1987 | 1 | 57 | 55 | Concentrated | 0 | n/a |
| ***Northside Residents' Redevelopment Council*** | | | | | | | |
| Lovell Square | 1992 | 9 | 25 | 60 | Scattered Site | 25 | $511-$568 |
| Polaris Apartment | 1983 | 3 | 10 | 25 | Concentrated | 10 | $672 |
| ***Project for Pride in Living*** | | | | | | | |
| 1819/25 Elliot | 1986 | 2 | 24 | 75 | Concentrated | 24 | $575 |
| Columbus Park | 1986 | 1 | 10 | 25 | Concentrated | 10 | $565 |
| ***Whittier Housing Corporation*** | | | | | | | |
| Jack Frost Flats | 1987 | 3 | 57 | 100 | Scattered Site | 0 | n/a |
| B Flats | 1989 | 1 | 9 | 9 | Concentrated | 9 | n/a |
| **NEW YORK CITY, NY** | | | | | | | |
| ***Abyssinian Development Corporation*** | | | | | | | |
| Hattie Dodson | 1992 | 8 | 74 | 64 | Concentrated | 71 | $493-$670 |
| SIP 137th Street | 1995 | 3 | 54 | 54 | Concentrated | 0 | n/a |
| ***Cypress Hills Local Development Corp.*** | | | | | | | |
| Cypress Apartments | 1990 | 6 | 27 | 27 | Concentrated | 27 | $475 |
| Cypress Court | 1997 | 6 | 72 | 46 | Concentrated | 61 | $475 |

Continued

**Table 7**
**Characteristics of CDC Projects in the Study (Continued)**

| *Project Name* | *Occ. Date* | *# of Buildings* | *# of Units* | *# Of Tenants* | *Density (Scattered/ Concentrated)* | *# of LIHTC Units* | *LIHTC Unit Rent* |
|---|---|---|---|---|---|---|---|
| ***Fordham Bedford Housing Corporation*** | | | | | | | |
| Burnside Renewal | 1998 | 3 | 119 | 116 | Concentrated | 96 | $450-$550 |
| New Walton Avenue | 1996 | 2 | 85 | 83 | Concentrated | 85 | $450-$550 |
| ***Los Sures*** | | | | | | | |
| 353 & 357 S. 3rd Street | 1997 | 2 | 64 | 58 | Concentrated | 60 | $338-$505 |
| 55 Whipple Street | 1997 | 1 | 51 | 51 | Concentrated | 51 | $250-$513 |
| **SAN FRANCISCO, CA** | | | | | | | |
| ***Dignity Housing*** | | | | | | | |
| Harp Plaza | 1995 | 1 | 26 | 61 | Concentrated | 26 | $526 |
| James Lee Court | 1992 | 1 | 20 | 79 | Concentrated | 20 | 30% of income |
| ***East Bay Asian Local Development*** | | | | | | | |
| Hismen Hin-Nu | 1995 | 1 | 92 | 287 | Concentrated | 92 | $538 |
| Marcus Garvey Commons | 1992 | 25 | 22 | 66 | Concentrated | 22 | $322-526 |
| ***Mission Housing Development Corporation*** | | | | | | | |
| Plaza del Sol | 1994 | 59 | 59 | 186 | Concentrated | 59 | $465 |
| Mariposa Garden Apartments | 1984 | 63 | 63 | 177 | Concentrated | 0 | n/a |
| ***Oakland Community Housing, Inc.*** | | | | | | | |
| Kenneth Henry Court | 1992 | 4 | 51 | 128 | Concentrated | 51 | $341-$571 |
| Eldridge Gonaway Commons | 1982 | 5 | 40 | 96 | Concentrated | 0 | n/a |

**Table 8**
**Tenant Characteristics in Selected CDC Projects, Summary**

| *Tenant Characteristics* | *Median* | *Range* |
|---|---|---|
| % of tenants employed: full-time | 44 | 4 - 100 |
| part-time | 10 | 2-50 |
| Race/ethnicity mix: % non-Hispanic White | 5 | 0 - 36 |
| % Black | 80 | 1 - 100 |
| % Asian | 0 | 0 - 17 |
| % Hispanic | 15 | 0 - 100 |
| Number of households | 51 | 9 - 1,668 |
| % TANF recipients | 13 | 0 - 67 |
| % TANF recipients with rental assistance | 53 | 0 - 100 |
| Average household size — adults & children | 3 | 1 - 6 |
| Average household income | $15,224.50 | $4,400 -$30,000 |
| Average years of tenancy | 3.3 | .5 - 12 |
| Typical education level (years) | 12 | 6 - 12 |
| Number of households: With income below poverty level | 21.5 | 2 - 367 |
| Single parents with one or more children under 18 | 24 | 2 - 1,334 |
| Elderly or disabled persons | 7 | 0 - 123 |

Notes:
In Atlanta, except for data on TANF and rental assistance, which is as of 2000, HDDC data are from 1998; Peoplestown Revitalization Corp. data are from 1998 (Peoplestown Villas) and 2000 (Square at Peoplestown); Progress Redevelopment, Inc. data are from 1998 (Welcome House) and 2000 (DeLowe Village); Reynoldstown Revitalization Corp. data are from 1998 for Amberwood only (based on half of the units in Amberwood).
In Chicago, TANF, rental assistance and PRIDE data are as of 2000; Bickerdike data are from 1999; Woodlawn Preservation & Investment Corp. and Hispanic Housing Development Corp. data are from 1998.
In Cleveland, information is for all CHN projects for 1999.
In Minneapolis, except for data on TANF and rental assistance, which are as of 2000, information for all CDCs are from 1998.
In New York City, the Fordham Bedford Housing Corp. data are from 1998; TANF and rental assistance, Abyssinian Development Corp., Los Sures, and Cypress Hills Local Development Corp. data are from 1999.
In San Francisco, East Bay Asian Local Development Corp, Dignity Housing, and Oakland Community Housing, Inc. data are from 2000; except for data on TANF and rental assistance, which are as of 2000, Mission Housing Development Corp. data are from 1996.



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**Table 9**
**Tenant Characteristics in Selected CDC Projects**

| | *Atlanta* | | *Chicago* | | *Clev* |
|---|---|---|---|---|---|
| *Tenant Characteristics* | *Median* | *Range* | *Median* | *Range* | *CHN* |
| % of tenants employed: full-time | 80% | 37-100% | 26% | 4-49% | |
| part-time | 8% | 8% | 10% | 3-11% | |
| Race/ethnicity mix: % non-Hispanic White | 1.3% | 1-14% | 1% | .5-1% | 8% |
| % Black | 100% | 84-100% | 69.5% | 21-100% | 74% |
| % Asian | 0 | 0 | 0 | 0 | |
| % Hispanic | 1.5% | 1.3-1.7% | 63% | 60-78% | 15% |
| Number of households | 44 | 16-197 | 74 | 45-504 | 1,668 |
| % TANF recipients | 4% | 0-7% | 12.5% | 8-67% | 13% |
| % TANF recipients with rental assistance | 100%[a] | 0-100% | 87.5% | 50-96% | 32%[b] |
| Average household size — adults & children | 2 | 1-3 | 2.68 | 1-3.1 | 3 |
| Average household income | $12,300 | $6,230-$23,500 | $19,090 | $4,400-$30,000 | |
| Average years of tenancy | 4 | 1-12 | 2.75 | 2-9 | |
| Typical education level (years) | 12 | 8-12 | 12 | 6-12 | |
| Number of households: With income below poverty level | 23 | 3-61 | 48 | 16-504 | 367 |
| Single parents with one or more children under 18 | 18 | 4-64 | 29 | 5-340 | 1,334 |
| Elderly or disabled persons | 6.5 | 1-78 | 20.5 | 5-123 | |

Notes:
In Atlanta, except for data on TANF and rental assistance, which are as of 2000, HDDC data from 1998; Peoplestown Revitalization Corp. data are from 1998 (Peoplestown Villas) and 2000 (Square at Peoplestown); Progressive Redevelopment, Inc. data are from 1998 (Welcome House) and 2000 (DeLowe Village); Reynoldstown Revitalization Corp. data are from 1998 for Amberwood only (based on half of the units in Amberwood).
a Overall in Peoplestown, 11 percent of the units are Section 8.
In Chicago, TANF, rental assistance, and PRIDE data are as of 2000; Bickerdike data are from 1999; Woodlawn Preservation & Investment Corp. and Hispanic Housing Development Corp. data are from 1998.
In Cleveland, information is for all CHN projects from 1999.
b Another 10 percent have applications for Section 8 in process.

**Table 9**
**Tenant Characteristics in Selected CDC Projects (Continued)**

| | *Minneapolis* | | *New York City* | | *San Francisco* | |
|---|---|---|---|---|---|---|
| *Tenant Characteristics* | *Median* | *Range* | *Median* | *Range* | *Median* | *Range* |
| % of tenants employed: full-time | 63% | 30-80% | 51% | 43-59% | 26% | 18-80% |
| part-time | 21.5% | 5-50% | | | 16% | 2-45% |
| Race/ethnicity mix: % non-Hispanic White | 20% | 0-36% | 3% | 2-4% | 5% | 0-20% |
| % Black | 85% | 58-100% | 39.5% | 30-56% | 77.5% | 1-95% |
| % Asian | 0 | 0-11% | | | 7% | 0-17% |
| % Hispanic | 0 | 0 | 65% | 37-100% | 4.5% | 0-71% |
| Number of households | 24.5 | 9-57 | 56 | 27-116 | 45 | 20-92 |
| % TANF recipients | 12%[c] | 2-16% | 42% | 33-49% | 13% | 7-20% |
| % TANF recipients with rental assistance | 25% | 0-54% | 51%[d] | 20-56% | 47% | 0-75% |
| Average household size — adults & children | 2.8 | 1-3.1 | 4 | 2.4-6 | 3.02 | 2.4-3.72 |
| Average household income | $14,025 | $8,500-$20,000 | $17,666 | $11,250-$22,000 | $15,746 | $11,747-$25,886 |
| Average years of tenancy | 3 | .5-5 | | | 5.1 | 4.5-10 |
| Typical education level (years) | 12 | 12 | 12 | 12 | 12 | 12 |
| Number of households: With income below poverty level | 10.7 | 2-25 | 21.5 | 21-22 | 12 | 7-36 |
| Single parents with one or more children under 18 | 10 | 2-43 | 53.5 | 38-81 | 19 | 12-30 |
| Elderly or disabled persons | 1 | 0-3 | 0 | 0 | 3 | 0-15 |

In Minneapolis, except for data on TANF and rental assistance, which are as of 2000, information for all CDCs is from 1998.
c TANF percentage based on three of four CDCs.
In New York City, the Fordham Bedford Housing Corp. data are from 1998; TANF, rental assistance, Abyssinian Development Corp., Los Sures, and Cypress Hills LDC data are from 1999.
d TANF recipients without Sec. 8 subsidies are supported in tax credit projects in Operating Reserves. In SIP projects, the City through HOME or other funds, has been partly subsidizing the operations through the payment of certain utility charges and maintenance costs.
In San Francisco, East Bay Asian Local Development Corp, Dignity Housing, and Oakland Community Housing data are from 2000, except for data on TANF and rental assistance, which are as of 2000. Mission Housing Development Corp. data are from 1998.

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## Atlanta

The *Historic District Development Corporation* (HDDC), the first of the CDCs from Atlanta, was formed 20 years ago to revitalize and restore the city's Old Fourth Ward, a neighborhood with a population of roughly 3,745 persons, which is also known as the Martin Luther King, Jr. Historic District. HDDC has a staff of nine and receives funding from federal, foundation, and bank-related sources. The CDC has developed a total of 123 units of housing, consisting of apartments and single-family homes. In addition to new construction, it has rehabilitated housing and runs programs that focus on credit counseling, homebuyer education, and downpayment assistance.

HDDC's neighborhood includes Martin Luther King, Jr.'s birthplace and the Ebenezer Baptist Church where he preached. In 1990, its population was 94 percent African-American and nearly half (44 percent) lived below the poverty level. About two-thirds of the neighborhood's households are female-headed families with children, and only one-third of the neighborhood's adult population had educational attainment levels of high school or better. Median household income for the neighborhood, at $9,957, was well below half the citywide household median of $22,275. The housing stock consisted primarily of rental units with nearly one out of every four units vacant as of 1990.

According to the most recent data available, seven percent of the households in the two projects selected for this study are TANF recipients. Of them, 100 percent receive rental assistance.

The *Peoplestown Revitalization Corporation* (PRC), the second of the CDCs from Atlanta, was formed in 1991 to improve the quality of life for residents of Peoplestown through economic development, affordable housing, and related activities. With a full-time staff of five and resources from federal, foundation, and financial institution-related sources, PRC's ac-

tivities have included economic development, housing, and supportive social services. PRC has developed 114 apartments, mostly through new construction, and has rehabilitated five single-family houses.

The Peoplestown neighborhood is a mostly residential community just south of the site of the 1996 Summer Olympics and the home stadium for major league baseball's Atlanta Braves. As of the 1990 Census, Peoplestown was 95 percent African-American and more than half of its residents earned incomes below the poverty line (50.5 percent). Nearly three out of four households in the neighborhood were female-headed families with children. Fewer than half the neighborhood's adults (45.9 percent) had completed high school. The neighborhood's median household income, at $11,563, was approximately half the level of median household income for the city. About one-third of the neighborhood's housing units were vacant. Of those occupied, only about one out of every four were owner-occupied.

According to the most recent data available, one percent of the households in the two projects selected for this study are TANF recipients. Of them, 100 percent receive rental assistance.

The third organization selected in Atlanta, *Progressive Redevelopment, Inc.* (PRI), was formed as an independent nonprofit developer in 1989 in order to work in partnership with other public, private, and nonprofit organizations to finance, construct, and manage affordable single- and multi-family housing.

One of the projects selected for PRI is in Grant Park, a neighborhood known for its racial diversity (its racial composition as of 1990 was 54 percent white, 44 percent African-American, and 2 percent other) and gentrification. Nearly six of every ten adults have completed at least a high school education and the neighborhood's median household income level of $22,591 is slightly higher than the citywide median house-

hold income level of $22,275. More than half the housing units in Grant Park are owner-occupied and the vacancy rate was about 12 percent. The other PRI project is in East-Point, a suburb to Atlanta that became majority-African-American over the 1980s.

According to the most recent data available, 7 percent of the households in the two projects selected for this study are TANF recipients. Of them, 100 percent receive rental assistance.

The *Reynoldstown Revitalization Corporation* (RRC), Atlanta's fourth CDC selected, was created in 1990 to revitalize the Reynoldstown community through economic, physical, social, and spiritual development. With a staff of 7, RRC has created 30 apartments and 35 single-family homes through new construction and rehabilitation. The organization's other activities include property management, housing preservation/weatherization, an Individual Development Account program, and the Wheelbarrow Summer Theater. According to the most recent data available, none of the households in the two projects selected for this study are TANF recipients.

Reynoldstown itself is a historic African-American neighborhood that has experienced steady revitalization over the last decade. Neighborhood trends include reverse white flight and the return of "empty nest-ers." These changes have led RRC to adopt a "non-displacement" policy as a central component of its mission.

In 1990, over 88 percent of the residents of Reynoldstown were African-American and over 27 percent of neighborhood residents lived below the poverty line. About four out of ten households were female-headed families with children (42 percent). Nearly half (45.3 percent) of all persons 25 years and older had completed high school. The median household income of $16,306 in Reynoldstown in 1989 was about 75 percent of the citywide figure of $22,275. One out of five housing units in 1990 were vacant (20.5 percent), and of those that were occupied, about two-thirds were rental units.

## Chicago

*Hispanic Housing Development Corporation* (HHDC), the first of the CDCs from Chicago, was established in 1975 to provide affordable housing and has been most active in the traditional Latino communities of Logan Square, Albany Park, Humbolt Park, and Pilsen in the northwest, west, and southwest sections of the city. HHDC is one of the chief producers of affordable housing in Chicago. Taking advantage of a variety of public and private funding sources, the organization rehabilitates, builds, and manages a wide variety of housing for a diverse clientele. HHDC currently manages over 2,800 units of housing.

HHDC is also involved in economic development activity, property management, construction, job training, and related activities. It manages 101,770 square feet of commercial space, which spans across 337 buildings and is valued at over $85 million dollars. HHDC operates a full-service property management division, a construction corporation, and currently employs 145 people. The organization's overall operating budget has grown to over $30 million dollars per year.

The two HHDC projects we have selected are located in mixed-income and ethnically diverse neighborhoods. The first project is located in Logan Square, a large, northwest side community of about 9,000. The neighborhood is about 64 percent Latino, 27 percent white, 7 percent African-American, and 2 percent Asian. The predominant land uses in Logan Square are 2- and 3-unit dwellings and 5-9 unit apartment buildings. Single family structures are relatively uncommon in the area, except along its stately central avenue, Logan Boulevard. The area has a fairly well-maintained housing stock and its overall income level is moderate. The neighborhood's median household income was $22,584 in 1990, 14 percent below the citywide median of $26,301, and its unemployment rate stood at 9.4 percent. The area is increasingly seeing signs of gentrification around the Logan Square transit stop. Still, about 26 percent of neighbor-



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hood residents lived below the poverty level in 1990. As for education, 27 percent of adult residents in Logan Square have less than a 9th grade education, compared to 17 percent for the city as a whole.

The second HHDC project is located in Albany Park, an ethnically diverse neighborhood of about 50,000 residents. The area is 40 percent white, 31 percent Hispanic, 22 percent Asian, 3 percent African-American, and 4 percent "other." The demographics of Albany Park's area are fairly representative of the city as a whole. The median household income was $27,285 in 1990, which was slightly higher than the city's median, and educational attainment levels are about even with the city as well. The predominant housing types are 2, 3, and 4 family flats, single attached dwellings and apartment buildings. The area has a higher percentage of 5-9 unit, 10-19 unit, and 20-49 unit apartment buildings than the city as a whole. Rents in the area are just about even with the city average of $448 per month.

According to the most recent data available, 15 percent of the households in the two projects selected for this study are TANF recipients. Of them, 86 percent receive rental assistance.

The *Woodlawn Preservation and Investment Corporation* (WPIC), the second CDC from Chicago, was organized in 1987 for charitable and community development purposes in the city's South Side Woodlawn community. WPIC is committed to increasing residential housing opportunities, including supporting commercial uses, and to achieving an economically and racially integrated population in Woodlawn.

The organization has a professional staff of 8; most of the day-to-day property management activities are contracted out to private management corporations. The organization has an operating budget of approximately $950,000. WPIC receives funding from a variety of sources including local foundations, LISC, and the University of Chicago, as well as in-kind support from the city of Chicago by way of land grants and subsidies as well as development and rent subsidies. The organization has

formed partnerships with low-income housing specialists as well as other local community organizations and governmental entities. To date, WPIC has assisted in the redevelopment and rehabilitation of 1,111 units of affordable housing in the neighborhood and the construction of over 45 single-family homes and 9 townhomes. Construction of an additional 250 single-family homes and duplexes broke ground in fall 1999. Most of their recent single-family homes have been sold at market rate, some with sale prices of up to $199,900.

WPIC serves a Woodlawn community population of approximately 27,000 persons covering a geographic range of about 1,200 acres or 2 square miles. The Woodlawn community is 96 percent African-American and 3 percent white with a small Asian and Puerto Rican community as well. The majority of WPIC's work is confined to a smaller area of about 20 blocks in North Woodlawn.

Woodlawn exhibits many of the symptoms of disinvestment and decay. Shuttered storefronts, vacant lots, and abandoned multifamily apartment buildings abound. Vintage three- and four-story apartment buildings are the predominant land use in the area, along with a mixture of single-family homes and institutional buildings. As of 1990, 20 percent of Woodlawn's housing stock was vacant and two-thirds was renter-occupied; the median value of owner-occupied homes in the area was 30 percent below that for the city.

Although the neighborhood borders one of the nation's premier universities — the University of Chicago — and one of the city's premier parks (Jackson Park), Woodlawn's 1990 population of 27,473 reflected a decline of 40 percent from 1970. Thirty-two percent of the population lived below the poverty line and the median household income was $12,570, less than half that of Chicago overall. The area has a high proportion of female-headed households, an unemployment rate of 24 percent, and low levels of educational attainment.

According to the most recent data available, 67 percent of the households in the two projects selected for this study are TANF recipients. Of them, 96 percent receive rental assistance.

Chicago's third CDC in this study, *Bickerdike Redevelopment Corporation*, was formed in 1969 and its aim is "to improve economic conditions while preserving the ethnic and cultural character" of neighborhood areas in West Town, Humboldt Park, and Logan Square. These neighborhoods, comprising three local planning districts or community areas, are home to some 238,000 persons as of the 1990 Census — a population that was 57 percent Latino, 22 percent white, 19 percent African-American, and 2 percent "other." The median income level in this area was $20,740, considerably below the citywide median of $26,301 reported as of the 1990 Census. Unemployment was at 9 percent.

According to the most recent data available, eight percent of the households in the two projects selected for this study are TANF recipients. Of them, 89 percent receive rental assistance.

*People's Reinvestment and Development Effort (PRIDE)*, the fourth CDC from Chicago, was founded in 1981. Its mission is to promote community reinvestment and to enhance the quality of life for low- and moderate-income residents of the Austin community of Chicago. With an annual operating budget of $668,000 and a full-time staff of 19, PRIDE's activities include the production of affordable housing, commercial development, property management, homeownership counseling, community organizing, education and skill development, family and youth services, and crime prevention activities. The organization has developed 485 units of housing to date, of which about 110 have been developed since 1994.

PRIDE serves a sprawling section of Chicago known as the Austin Community, an area with a population in 1990 of over 114,000 persons. The organization's primary service area represents a subset of this community area, with a population of 37,027. As of 1990, Austin was predominately Afri-

can-American (86.3 percent African American, 9.1 percent white, and 3.6 percent Hispanic), its poverty rate was 23 percent, and its unemployment rate was 17.8 percent. A full 38.4 percent of the population received income from public assistance in 1990, and the median household income stood at $24,877.

According to the most recent data available, 10 percent of the households in the two projects selected for this study are TANF recipients. Of them, 50 percent receive rental assistance.

## Cleveland

The first CDC selected in Cleveland, the *Buckeye Area Development Corporation* (BADC), was formed in 1970 to help revitalize and improve the quality of life in its surrounding community. Buckeye, an area of roughly one mile, had a 1990 population of 15,676, which was 77 percent African-American and had a poverty rate of 22.9 percent. The organization, which has 10 full-time and 35 part-time staff with an annual operating budget of $1.2 million, produces rental and lease-purchase housing. To date, BADC has created 230 lease-purchase and 150 market-rate units. In addition, it sponsors community and economic development programs, commercial revitalization efforts, and programming for seniors and youth.

The second CDC included from Cleveland, *Detroit-Shoreway Development Corporation*, was founded in 1973 to promote the physical, economic, and social development of an area encompassing roughly two miles. The Detroit-Shoreway neighborhood had a 1990 population of 18,744 that was 77 percent white and 39.1 percent poor.

Detroit-Shoreway, like the Buckeye Area Development Corporation, draws its operating and project funds from a mixture of sources including Community Development Block Grant (CDBG) funds, local and national foundation grants, and development as well as activity fees. The organization has a 19-member staff, an annual budget of roughly $750,000, and is



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involved in various activities related to housing production and marketing; commercial revitalization; neighborhood beautification; energy conservation; lead prevention; real estate development; property management; and, through WIRE-Net, job match/retention services and a school-to-work program. Detroit-Shoreway has completed 118 units through rehabilitation; has built and sold 42 units of new construction single-family housing; and manages 160 units of lease-purchase housing.

The third CDC selected in Cleveland, *Mt. Pleasant NOW Development Corporation*, was established in 1988 to provide community and economic development services designed to "make Mt. Pleasant a desirable, safe neighborhood in which to live, work, shop and raise a family." Mt. Pleasant is a neighborhood of roughly 2 square miles with a 1990 population of 25,106; a population that was 99 percent African-American and had a poverty rate of 31.4 percent. Mt. Pleasant's activities focus largely on housing production, management, and preservation (using the same sources of funds as its sister CDCs). With an annual budget of $800,000 and a staff of 16 members, it has produced 158 units to date.

The fourth CDC from Cleveland — *Slavic Village Development/Broadway Area Housing Corporation* — is the result of a merger of two community organizations that date from 1980. The area it serves covers approximately 5.2 square miles and housed a population of close to 30,000 persons in 1990. As of 1990, 95 percent of neighborhood residents were white and 24 percent were poor.

Slavic Village Development/Broadway Area Housing Corporation employs funds from local and national housing agencies as well as foundation grants. With a staff of 28 and an annual operating budget of $1.3 million, the CDC sponsors a variety of housing-related efforts. Its program areas include housing construction and rehab, lease-purchase, weatherization, and housing repair. The organization has developed a total of 602 units,

and has provided assistance for weatherization or repair for another 3,950 units.

All four of these groups belong to the *Cleveland Housing Network* (CHN), the key affordable housing entity in Cleveland. CHN is an umbrella organization currently comprised of 19 member community-based organizations located throughout the city. It was formed in 1981 to provide community development corporations with access to capital to develop affordable housing in the city of Cleveland. After 19 years of experience in the field of community development, CHN is the largest private land owner in the city of Cleveland, and has generated more than $200 million in capital investments. These investments have made possible the rehabilitation of more than 2,400 homes, the new construction of 200 homes, and the delivery of energy conservation and home repair services to 40,000 low-income households across Northeast Ohio. CHN currently produces about 250 homes per year, and provides weatherization and home repair services to more than 6,000 households a year. Along with its role in capitalization, CHN enables its participating CDCs to: establish and follow collective rules with respect to property management and project development; centralize the design and delivery of certain support services for tenants; and own properties in partnership.

CHN operates two single-family home rehab programs, a transitional housing program, weatherization and energy conservation programs, and welfare to work and other family support services. In order to promote homeownership and asset accumulation among low-income families, CHN links the Low Income Housing Tax Credit with a lease to purchase option. Through the Lease Purchase Program, CHN is responsible for the management of over 1,600 scattered site units of housing. Seventy percent of these units are lease-purchase units designated for eventual homeownership after 15 years of responsible tenancy, and the balance of 30 percent are traditional rental housing units affordable to low-income families. Seventy-four percent of the families in the Lease Purchase program are Afri-

can-American, 80 percent are female-headed households with 2 to 3 children, and over 50 percent of the families in the Lease Purchase program have incomes below $15,000 per year.

According to the most recent data available, 13 percent of the households in CHN are TANF recipients. Of them, 32 percent receive rental assistance.

## Minneapolis

The *Central Community Housing Trust* (CCHT), the first of the CDCs from Minneapolis, was formed by neighborhood activists in 1986 after the city of Minneapolis announced demolition of 300 units of low-cost housing and the City Council agreed it would fund replacement of the units. CCHT has a staff of 15 full-time employees and an operating budget of approximately $1.3 million. The CDC has 920 units of housing, and another 379 units of mixed-income housing in the construction or pre-construction stage. The organization's rapid rate of project development and the high quality of their projects — both physically and financially — have earned the CDC a high level of respect among local funders. In just over a decade it became the largest CDC in the city in terms of the number of multifamily units developed.

The Central Community of Minneapolis is made up of five smaller neighborhoods: Downtown (East and West), North Loop, Elliot Park, Stevens Square, and Loring Park. The Central Community encompasses over 3,500 acres in the heart of Minneapolis with a population of 21,400. Just over 33 percent of the population in these neighborhoods lived below poverty level as of 1990. The CCHT service area is diverse: its owner-occupied housing stock has median values ranging from $51,000 to $193,300; public assistance receipt varies from 2.42 percent to 100 percent, and median incomes range from $5,000 to $37,596, respectively.

According to the most recent data available, 2 percent of the households in the two projects selected for this study are TANF recipients. Of them, there are no households receiving rental assistance.

The *Northside Residents Redevelopment Council* (NRRC), the second CDCs from Minneapolis, was founded in 1969 to empower the residents of the Near North and Willard-Hay neighborhoods to be the primary agents for the social, economic, and livability improvements of the neighborhood. The organization manages about 400 housing units of various kinds: from transitional housing to apartments to single-family homes. NRRC has an operating budget of $2.7 million and a staff of 13.

The Near North and Willard-Hay neighborhoods have a population of 14,592, of which two-thirds — 67 percent — are African-American and over one-third — 36 percent — of its residents are below the poverty level. Median household incomes range from $12,461 in Near North to $24,504 in the Willard-Hay neighborhood.

The *Project for Pride in Living* (PPL) CDC was founded in 1972 by a group of citizens concerned about the growing number of rundown houses in their neighborhoods. Since that time, PPL has expanded its services to include job training, education, and self-sufficiency programming. The organization also operates the PPL Elementary School in partnership with the Edison Project and the Minneapolis School Board. PPL employs 93 staff members and utilizes about 140 volunteers at any given time.

At the end of 1999, PPL had a total of 455 rental units scattered throughout the Twin Cities metropolitan area with a majority of them located in the Phillips and Central Neighborhoods. The Phillips neighborhood has a population of 17,067, 48 percent of whom earn incomes below the poverty level. According to 1990 data, the median household income in the neighborhood was $12,254 and the unemployment rate was

at 14.75 percent — one of the highest unemployment rates in the city of Minneapolis.

According to the most recent data available, 12 percent of the households in the two projects selected for this study are TANF recipients. Of them, 25 percent receive rental assistance.

The *Whittier Housing Corporation* (WHC) was created in 1994 to take over the asset management of several multifamily housing projects that had been developed by the Whittier Alliance. The Alliance, formed in 1978, developed 330 units of low-income housing and was one of the most productive nonprofit low-income housing developers in the city. In 1992, the direction of the organization changed significantly due to a major turnover in the board of directors and staff changes. The new board ended the organization's role of creating low-income subsidized housing and divested itself of those properties. As a result, the Whittier Housing Corporation was created for the purpose of managing those housing assets.

At the same time the transfer of properties to WHC occurred, the Inter-Agency Stabilization Group (ISG), an informal collection of local public and private funders of affordable housing, was created to address the growing concern regarding the aging of the city's first generation of CDC-rehabbed multifamily housing. The group's mission was to review the financial condition of older projects and recommend a program for financial stabilization. The ISG designated Whittier Housing Corporation to manage properties, but not to engage in any new development in the neighborhood. In total, the organization manages 158 housing units.

Because it is not involved in the development of new units, WHC cannot rely on developer fees to fund overhead costs and thus relies upon the Local Initiatives Support Corporation and the Family Housing Fund (both members of the ISG), and the Minneapolis Foundation for its budget. WHC currently has a staff of four and its 1999 budget was $177,000. Because of the difficulty of funding an entity to do only asset management,

WHC will close its doors this fall. The properties will revert to the partnerships for development.

According to the 1990 Census, the Whittier neighborhood has a population of 12,951, with 31 percent of its residents below the poverty level; a median housing income of $17,325; and an unemployment rate of 9 percent. The median value of owner-occupied homes is $75,300. The neighborhood itself experienced the same problems as many inner-city neighborhoods in the 1970s and 1980s: increasing poverty and crime, loss of commercial and retail businesses, and segregation. But during the last decade, the neighborhood has experienced revitalization, much of which was due to funds from the Neighborhood Revitalization Program, which the city of Minneapolis initiated in 1990. There has been a boom of business in the area, as well as some gentrification.

According to the most recent data available, 16 percent of the households in the two projects selected for this study are TANF recipients. Of them, 54 percent receive rental assistance.

## New York City

*Abyssinian Development Corporation* (ADC), an affiliate of Harlem's historic Abyssinian Baptist Church and the first of the CDCs selected from New York City, was incorporated in 1989. Its mission is to implement programs that "(1) increase the availability of quality housing at all income levels; (2) enhance social services, particularly for the homeless and elderly; (3) foster economic revitalization; (4) improve education opportunities for youth; and (5) build community capacity." Central Harlem, ADC's target area, comprises some 45 square blocks in Upper Manhattan. The neighborhood was home to 25,033 persons in 1990, 96 percent of whom were African-American and 25.1 percent of whom lived below the poverty level.

With a staff of about 50 full-time employees, ADC undertakes a wide variety of housing and community development

initiatives. Its program activities include housing development, commercial real estate development, property management, transitional services for the homeless, social services, youth education, and community organizing. ADC generates much of its income internally but has relied on local government and national intermediary program funding for its housing development efforts, which have produced more than 400 units to date.

According to the most recent data available, 52 percent of the households in the two projects selected for this study are TANF recipients. Of them, 56 percent receive rental assistance.

The second CDC from New York City, *Cypress Hills Local Development Corporation* (CHLDC), was founded by residents and activists in 1983 in order "to revitalize the community through economic development, housing preservation, and by supporting good outcomes for youth and their families." Its target area is bounded by the Queens/Brooklyn border, Atlantic Avenue, and Pennsylvania Avenue. In 1990, this area was more than 60 percent Hispanic, with immigrants accounting for about 35 percent of the population. The local poverty rate was 26.5 percent, and nearly one-quarter of the population received income from public assistance. Unemployment stood at 11.6 percent and the neighborhood median household income was 80 percent of the citywide median.

CHLDC focused initially on intergenerational services, community organizing, housing development, and commercial strip revitalization. The organization started to do housing counseling work in 1986, funded by the state and later by the city. The housing development program that grew out of this activity became the springboard for a mortgage foreclosure prevention program, an arson prevention program, and a home buyers club. In its second five years, CHLDC launched a number of youth initiatives — after school programs, scholarship programs, adolescent programs, and summer youth employment programs.

Since 1993, CHLDC has pursued a number of opportunities to strengthen the local community — a contract to operate a

Beacon School providing enriched after-hours programming at the local intermediate school; the launch of the Child Care Corporation to help women in the community become licensed day-care providers; a retail thrift shop; and a New Vision School. The organization, together with its several subsidiaries (including the Child Care Corporation, the Beacon School, the retail thrift ship, and the New Vision School) employs over 150 persons.

According to the most recent data available, 41 percent of the households in the two projects selected for this study are TANF recipients. Of them, 60 percent receive rental assistance.

The *Fordham Bedford Housing Corporation* (FBHC), the third CDC from New York, was established by local tenant and neighborhood leaders in 1980 to prevent the spread of housing deterioration, which was then prevalent in other parts of the Bronx and New York City. In 1990, the population of FBHC's service area was predominately Hispanic and African-American (50.9 percent and 24.5 percent, respectively). The neighborhood poverty rate stood at 31.7 percent with more than one-quarter of the population receiving income from public assistance (25.7 percent). Median household income was $26,045.

FBHC currently provides management and oversight for more than 70 tenant- and community-controlled apartment buildings with 1,750 affordable units of housing in the Northwest Bronx. The organization continues to work in deteriorated, occupied buildings to prevent abandonment and restore services in a manner that preserves affordability for low- and moderate-income families. FBHC's other activities include special housing for the elderly and for the formerly homeless; summer and after-school programs for youth; an immigration program; computer training; and a community center. The CDC is also committed to developing and improving local schools and open spaces. FBHC employs more than 140 persons in its various programs.

According to the most recent data available, 48 percent of the households in the two projects selected for this study are TANF recipients. Of them, 20 percent receive rental assistance.

*Los Sures/Southside United Housing Development Fund Corporation*, the fourth CDC from New York City, was founded in 1972 with a minimal staff and a handful of volunteers to undertake the task of rebuilding the neighborhood of Williamsburg's Southside — an area bounded by Metropolitan Avenue to the north, Union Avenue to the east, Division Avenue to the south, and Kent Avenue to the west. At the time, the housing landscape consisted primarily of a rapidly deteriorating housing stock, burned-out buildings, and vacant lots. Landlords had stopped maintaining their buildings and in many instances had reportedly torched them to collect insurance money. Early initiatives supported by the community and the churches targeted tenant organizing to keep the buildings running.

Today the organization has expanded its activities beyond tenant organizing to community development, housing development (more than 400 units), property management, economic development, a senior citizen center, and a range of social services offered to tenants by social workers. Los Sures employs over 50 persons on a full-time basis to deliver its varied services and programs. The area served is comprised of two predominant ethnic groups — Hasidic Jews and Latinos. The Latino community was initially largely Puerto Rican, but now includes Dominicans, Ecuadorians, Colombians, Mexicans, and other South and Central Americans.

According to the most recent data available, 39 percent of the households in the two projects selected for this study are TANF recipients. Of them, 51 percent receive rental assistance.

## San Francisco Bay Area

Turning to the San Francisco Bay area, the first CDC is *Dignity Housing West, Inc.*, founded in 1989 as a partnership of the Oak-

land Union of the Homeless, the First Unitarian Church of Oakland, and Oakland Community Housing, Inc. for the purpose of developing transitional and permanent family housing for the homeless and near-homeless in the city of Oakland.

Dignity has developed a total of 150 units — 46 units of permanent family housing, and 104 other units of transitional housing, some of which is in scattered small sites. The organization has been operationally dormant for the past three years since losing its contract to manage the city of Oakland's "Extended Stay" transitional housing program. Day-to-day management of Dignity's 46 units of permanent family housing had already been turned over to property managers, and the organization currently has one part-time staff member and an operating budget of $30,000 in 1999-2000, which will grow to $90,000 in 2000-2001.

Dignity Housing West owns two rental properties: James Lee Court, in partnership with Oakland Community Housing, Inc., and Harp Plaza. Both were financed in part by LISC's National Equity Fund and are located within 13 blocks of each other in a predominately African-American and low-income neighborhood on the west side of downtown Oakland.

According to the most recent data available, 11 percent of the households in the two projects selected for this study are TANF recipients. Of them, there are no households receiving rental assistance.

The second CDC included from the San Francisco Bay area, *East Bay Asian Local Development Corporation* (EBALDC), was established by a group of college students and community people in 1975 to bring together the different Asian immigrant communities throughout the East Bay. The organization describes itself as "dedicated to the betterment of the East Bay Community, particularly the low-income and Asian and Pacific Islander population, through the development of physical, human and economic assets for individuals and community organizations." The group's first development, the purchase and

rehabilitation of a historic building in Oakland's Chinatown as the Asian Resource Center, took almost ten years to complete and now houses a number of nonprofit service agencies as well as EBALDC's executive offices and ground floor retail business.

With a staff of 78 and an operating budget of $2.6 million, EBALDC has built well over 600 units in several parts of the East Bay. The organization works in the downtown Chinatown area and adjacent neighborhoods, and routinely establishes partnerships with other nonprofits, churches, schools, and merchant organizations. In 1996, tenants were 53 percent African-American, 37 percent Asian/Pacific Islander, 5 percent Caucasian, and 5 percent Latino. Other activities include an innovative welfare-to-work program, in collaboration with half a dozen other groups that is regarded as the only welfare-to-work program in Oakland to address the needs of limited English, Asian, and Spanish-speaking TANF clients, including Mien, Cambodian, Vietnamese, and Filipino peoples.

According to the most recent data available, 20 percent of the households in the two projects selected for this study are TANF recipients. Of them, 30 percent receive rental assistance.

The third CDC included from San Francisco, *Mission Housing Development Corporation* (MHDC), had its origin in the 1960s civil rights and community organizing movements. The mission of MHDC, which was established in 1971, is to create and preserve high-quality affordable housing for low- and moderate-income people. It rehabilitates residential and mixed-use structures, constructs new buildings, offers technical assistance to nonprofit service providers in the development of supportive housing, and operates community centers and youth programs. MHDC also helps building owners prepare loan packages, develop scopes of work, and select qualified contractors.

In its early years, MHDC provided rehabilitation assistance to nearly 1,000 units in privately owned buildings. It has since

developed more than 400 units of multifamily and senior housing, and more than 330 units of special needs housing. MHDC has a Resident Programs Department that partners with MHDC building residents and other low-income residents of the Mission District to organize residents, manage projects, and provide referrals to meet their needs. The two projects included for MHDC are Plaza del Sol Apartments, a 59-unit project completed in 1994; and Mariposa Apartments, a 63-unit project completed in 1984.

In 1982, MHDC created a subsidiary corporation, Caritas Management Corporation, which provides tenant-supportive residential and property management services to MHDC buildings and other nonprofit housing organizations. Caritas, which now manages more than 1,700 units and has an operating budget of $2.4 million, aims to create positive community environments and long-term job opportunities for the neighborhood. All told, MHDC has a staff of about 100 and an operating budget of $3.6 million.

The Mission District is a mix of large and small apartment buildings, converted turn-of-the-century homes, and 2-4 story commercial buildings. It is adjacent to San Francisco's South of Market industrial area (SOMA), the downtown financial district, and two gentrified neighborhoods, Noe Valley and Potrero Hill. There are three thriving commercial corridors with numerous stores and shops, many of them Latino-owned. Some are economically marginal, but the street as a whole is bustling. There are some office, cultural/arts, and industrial uses scattered throughout the area, but for the most part, retail dominates the street level.

Most residents of the Mission in 1990 were Latino (52 percent), followed by Caucasian (29 percent), Asian/Pacific Islander (13 percent), and African-American (4 percent). Incomes were only 54 percent of the citywide average in 1990. Approximately 20 percent of Mission District residents earn incomes below the poverty line.

According to the most recent data available, 7 percent of the households in the two projects selected for this study are TANF recipients. Of them, 75 percent receive rental assistance.

*Oakland Community Housing, Inc.* (OCHI), the fourth CDC from the San Francisco Bay area, was incorporated in 1974 as a nonprofit housing corporation to "make a positive impact on people's lives by producing and managing quality, affordable housing, including rental and homeownership units." OCHI now operates in Oakland and other parts of Alameda and Contra Costa Counties.

OCHI emerged from a concerted grassroots action by leadership from the African-American community in the mid-1970s. Three groups, Oakland Citizen's Committee for Urban Renewal, The Black Panther Party, and the Oakland Legislative Council for Seniors, united to push for affordable housing to replace the homes destroyed by the Oakland Redevelopment Agency in downtown Oakland. To avoid a lawsuit, the Redevelopment Agency agreed in 1978 to provide $3 million to a newly created OCHI to develop 300 units of new housing. OCHI eventually developed 423 units with those funds. Eldridge Gonaway Commons, a 40-unit project completed in 1982 and included in the study, was one of the first projects built by OCHI.

OCHI also developed a center for mentally challenged youth and operates a property management company which manages 654 units, including 3 properties that are not owned or cosponsored by OCHI. Another 215 units are underway for 2000.

With a staff of nearly 50 and an annual operating budget of $600,000, Oakland Community Housing has produced more than 800 housing units since its inception, including a mix of new rental, transitional, senior, and owner-occupied townhouse projects. OCHI has built housing in different neighborhoods in three cities, but the majority of its projects are in the Oakland "flatlands." Conditions vary from very low-income and highly isolated neighborhoods to diverse, low-to-moderate income

working class and immigrant neighborhoods, to areas in the "zone of transition" in and around the downtown.

OCHI is one of the few community development corporations or nonprofit housing groups building in Oakland's poorest district, Central East Oakland, where Kenneth Henry Court, one of the selected projects — a 51-unit building completed in 1992 — is located. Central East Oakland is almost entirely African-American and very low-income, with a mix of very poor renters, public housing tenants, and moderate- to middle-income homeowners. There is almost no employment there beyond small struggling neighborhood stores, and a failed regional mall that now houses mostly community nonprofits and public agencies.

According to the most recent data available, 15 percent of the households in the two projects selected for this study are TANF recipients. Of them, 64 percent receive rental assistance.

## Subjective Views of Local Neighborhoods

In addition to examining 1990 Census data, we also asked informants about their perceptions of their local neighborhoods. These perceptions gave us a more up-to-date portrait of our local neighborhoods and provided us with information on services and conditions that are not captured by the decennial Census. Such a portrait helps to provide a fuller understanding of the challenges local residents are likely to face in finding good and stable jobs.

For each CDC, we queried both a staff member and an outside community informant about their perceptions of the local neighborhood. The community informants were typically church leaders or directors of other local nonprofits who were located in the same communities as the CDC.

We first asked about problems in the area served by the CDC. We asked whether a variety of different issues were always, often, sometimes, or never a problem in the community.

Table 10 summarizes the responses by city. The most commonly cited problem was discarded trash and litter in the street. A full 63 percent of respondents reported that trash in the street was sometimes or often a problem in the community. Property crime (including vandalism and graffiti) was the next most commonly cited complaint, followed by deteriorating housing. Respondents in New York and San Francisco/Oakland were most likely to report problems.

There were generally more concerns about the quality of local services. Table 11 summarizes the responses by city. The lack of job opportunities was one of the most central worries. Nearly three-fourths of our respondents described job opportunities as fair or poor in their community. The quality of day care in the study communities also appears to be a challenge for welfare reform efforts. Sixty percent of our respondents reported that the quality of local day care was fair or poor. There were far fewer worries about transportation, with fewer than 15 percent of respondents describing public transportation access as fair or poor. Local schools and police protection — two key measures of neighborhood satisfaction — were also problematic. Approximately 62 percent reported that police protection was fair or poor, while 63 percent reported that schools were fair or poor. Judgments across cities were fairly consistent, though respondents in our Atlanta neighborhoods were generally more satisfied with local services.

**Table 10**
**Percentage of Informants Stating That the Following Are Always or Often a Problem in CDC Neighborhoods***

| *Condition* | *Atlanta* | *Chicago* | *Cleve-land* | *Minne-apolis* | *NYC* | *San Fran-cisco* |
|---|---|---|---|---|---|---|
| Housing and property not being kept up | 60% | 30% | 37.5% | 33.3% | 62.5% | 50% |
| Violent crime | 30% | 60% | 0% | 0% | 37.5% | 42.8% |
| Property crime (e.g., vandalism/graffiti) | 50% | 60% | 37.5% | 33.3% | 87.5% | 60% |
| Street conditions | 50% | 30% | 25% | 8.3% | 75% | 50% |
| Trash, litter, junk | 70% | 60% | 50% | 25% | 75% | 93.3% |
| Boarded-up property | 60% | 30% | 37.5% | 8.3% | 25% | 27.2% |
| Homelessness | 30% | 10% | 12.5% | 33.3% | 37.5% | 64.2% |
| Racial or ethnic conflict | 0% | 20% | 0% | 0% | 12.5% | 28.5% |
| N | 10 | 10 | 8 | 12 | 8 | Varied[a] |

**Table 11**
**Percentage Reporting Quality of Service in CDC Neighborhood to be Fair or Poor***

| *Condition* | *Atlanta* | *Chicago* | *Cleve-land* | *Minne-apolis* | *NYC* | *San Fran-cisco* |
|---|---|---|---|---|---|---|
| Schools | 20% | 62.5% | 41.6% | 41.6% | 87.5% | 100% |
| Police protection | 60% | 75% | 75% | 75% | 50% | 50% |
| Housing stock | 30% | 62.5% | 66.6% | 66.6% | 75% | 53.8% |
| Health services | 30% | 25% | 33.3% | 33.3% | 50% | 81.8% |
| Retail/services | 50% | 75% | 75% | 75% | 37.5% | 76.9% |
| Neighborhood appearance | 60% | 87.5% | 66.6% | 66.6% | 87.5% | 90.9% |
| Job opportunities | 80% | 87.5% | 66.6% | 66.6% | 62.5% | 90% |
| Day care | 30% | 87.5% | 75% | 75% | 75% | 50% |
| Public transportation | 20% | 25% | 25% | 25% | 0% | 15.3% |
| Roads | 50% | 37.5% | 50% | 50% | 75% | 50% |
| N | 10 | 8 | 10 | 12 | 8 | Varied[b] |

Notes to Tables 10 and 11:
* Percentage of informants was based on actual number of informants interviewed in each CDC. In some cities, numerous informants were interviewed and the consensus was reported by the associate; in other cities the associate recorded individual responses.
a Number of informants varied in San Francisco: 11 interviews for boarded up property; 14 interviews for housing/property not kept up, violent crime, street conditions, homelessness and racial/ethnic conflict; 15 interviews for property crime and trash/litter/junk.
b Number of informants varied in San Francisco: 10 interviews for job opportunities and roads; 11 interviews for schools, health services, and neighborhood appearance; 12 interviews for police protection and day care; 13 interviews for housing stock, retail/services, and public transportation.

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## Organizational and Neighborhood Effects

In the pages below, we describe our findings about how welfare reform has influenced community development corporations and the role that CDCs are playing in implementing welfare reform efforts. We explore impacts in five distinct areas: CDC finances; quality of life in surrounding communities; management practices of CDCs; programs and services beyond housing; and planning for welfare reform.

### The Financial Condition of CDC Housing

One of the goals of this study is to examine the ways in which the early implementation of PRWORA is affecting the financial status of affordable housing developments owned by community development corporations. As suggested above, there are several reasons to believe that welfare reform may have effects on this housing. First, if tenants receiving public assistance are sanctioned or cut off of the welfare rolls, their ability to pay their rent will naturally be reduced. We might see this reduced income reflected in increased arrearages or lower rent revenues. On the positive side, the implementation of welfare reform may in fact lead more tenants to leave welfare and find gainful employment. To the extent that this happens, community development corporations may find that their housing is in fact becoming more financially stable.

Expenses could be affected as well. CDCs may face increased administrative burdens as their tenants' income becomes more volatile and the rate of turnover increases. It is also possible that operating and maintenance expenses might decrease as tenants work longer hours and therefore spend fewer hours in their apartments. Operating and maintenance expenses might potentially increase as well, as incomes decline, families grow more vulnerable to social problems, and more families

crowd into doubled-up units, which increases wear and tear and adds to utility costs.

We consider four types of financial impacts (tenant incomes and employment; late payments; turnover; and aggregate changes in CDC income and expenses) and utilize two main types of data. First, we examine detailed financial data for two projects from each CDC. For developments supported by tax credits, we were able to obtain data from the National Equity Fund and the Enterprise Social Investment Corporation going back for several years. For nontax credit projects, our field researchers attempted to collect equivalent data from individual CDCs. Second, we also questioned CDC staff and tenants about financial impacts. In all cases, we asked about recent changes, expected future changes, and the extent to which any apparent or expected changes are attributable to welfare reform.

**Tenant Incomes and Employment.** Many of the CDCs in the study reported significant changes in tenant employment. As one tenant put it: "Everyone's doing something now." In many cases, CDC staff reported that the proportion of working tenants in a development had gone up, and in a few cases, the proportion of tenants receiving welfare has fallen quite rapidly. In one development, for instance, the proportion of tenants on welfare had fallen from 16 percent to 2 percent in five years. One citywide network reported that the proportion of tenants among its member CDCs that received public assistance had declined from approximately 39 percent in 1996 to less than 9 percent in March 2000.

We asked CDC staff how many of their tenants had left welfare and become employed since the enactment of welfare reform in 1996. Although the numbers weren't precise and were not very large, staff could clearly identify tenants who had moved from welfare to work. As for the types of jobs they had secured, they included seasonal factory work, car service driving, home health care, retail (Safeway, Kmart, Baskin Robbins,

Home Depot), and child care. The most commonly mentioned jobs were child care and home health care.

While many tenants had gone to work, there were frustrations, and the real challenge appeared to be keeping a job, not getting one in the first place. Transportation was a nagging problem for many, though generally the CDC housing was located in communities that were fairly well-served by public transportation. (Fewer than one fifth of CDC staff and community respondents reported that the quality of public transportation was fair or poor in their community.) Yet when asked about what forms of assistance would be useful to them in getting and keeping their jobs, several tenants in our focus groups mentioned help with transportation. One tenant described her morning challenges as follows: "I put my son on the bus at 7:15, and you have to be there at 8. From this side of town to the other — you can't get there on time. My son's only four, he can't get to the bus stop by himself."

As this quotation suggests, child care was also a significant and related concern. In interviews with CDC staff and neighborhood informants, roughly two-thirds described the quality of child care in their community as fair or poor (see Table 11). Surprisingly, perhaps, only a few tenants in our focus groups complained about the quality or even the availability of child care. Several, however, voiced bitterness that welfare reform was forcing them to work and leave their children in any kind of day care, regardless of quality.

The most fundamental problem is arguably the low hourly wage of the jobs welfare recipients are able to get. Although we did not collect systematic data on hourly wages, respondents described the type and pay of typical jobs, and one citywide intermediary estimated that the average wages among those employed full time was $7.50 per hour in 1999. As one focus group respondent said, "I don't think the [state welfare reform] program works at all. They'll help you get a job at McDonald's and then expect you to be off welfare. After that, no more. I

mean... that don't work .... The jobs they get you is like under six dollars." Even with subsidized rents, the tenants we spoke to were having difficulty covering their bills.

While most of the tenants we spoke with had on-the-books jobs for outside employers, we did hear of a few instances in which tenants who were cut off of welfare turned to prostitution or drug-dealing as a way to make up lost income. We also heard of others who were turning to legal forms of self-employment, such as running child-care centers in their homes or doing sewing and cleaning for others. Of course, as Edin and Lein have demonstrated, many welfare recipients engage in such informal employment even when receiving their welfare benefits. Benefit levels are simply too meager for families to survive without outside work or help from boyfriends or family members.[37]

Higher levels of reported employment among CDC tenants may be due to one or both of two causes: an increase in employment among existing tenants, or a shift in the type of tenants selected by CDCs to move in to the developments. We see some evidence of both. In the case of one city, increased costs (unrelated to welfare reform) have led in turn to higher rents, which has prevented CDCs from accepting more welfare recipients. But the greater change seems to be the higher employment rates among tenants. The healthy economy seems clearly to have led to more opportunities for tenants. And the stricter work requirements enacted under welfare reform also seem to have played some role in getting more people to work.

**Late Payments.** To learn whether changes in tenant employment levels or other behaviors were contributing to growth or decline in problems with late rental payments, we examined financial histories and questioned both tenants and CDC staff.

Our data suggest that tenant receivables have increased somewhat during the years after welfare reform. Table 12a

37 Edin, Kathryn, and Laura Lein. *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*. New York: Russell Sage Foundation, 1997.

shows the average dollar amount of tenant receivables for the projects for which we have data from 1994 through 1999. As shown, the average dollar amount has drifted up from 1996 by $3,982 or approximately 37 percent. (This amounts to an average annual increase of 11 percent.) When we hold the sample constant, we get a similar result. Between 1996 and 1998, we find that tenant receivables increased by 25.6 percent, which works out to 12 percent per year. These changes appeared to be imperceptible to CDC staff. And when we discussed them with CDC staff, they did not believe that they were attributable to welfare reform. In fact, if we examine the period 1994-1998 solely for the nine projects for which we have data in 1994, we find that their level of tenant receivables grew more rapidly prior to 1994. (Over the full 1994-1998 period, we see an annual growth rate in receivables of 10 percent.)

**Table 12a**
**Average Tenant Receivables for CDC Projects, by Year, Changing Sample**

| | *1999** | *1998* | *1997* | *1996* | *1995* | *1994* |
|---|---|---|---|---|---|---|
| | $14,731 | $13,015 | $11,075 | $10,749 | $11,510 | $13,557 |
| N | 25 | 35 | 23 | 22 | 16 | 9 |

* Many of the CDC's only reported tenant receivables for the first two quarters of 1999.
*Note*: Dollar values are nominal.

**Table 12b**
**Average Tenant Receivables for CDC Projects, by Year, Constant Sample**

| | *1998* | *1996* |
|---|---|---|
| | $13,498 | $10,749 |
| N | 22 | 22 |

*Note*: Dollar values are nominal.

Interestingly, while the focus group participants were generally paying their rents and did not note any increase in evictions around them, they did seem to feel somewhat more anxiety and financial pressure since welfare reform. As one tenant said, "They feel more pressure now because they're not getting the help, they're not getting the support, they don't have food

stamps anymore, so the pressure is more. Because they have to feed the kids."

**Turnover.** We also collected information on turnover rates from CDC staff. For most of the developments, turnover rates remained quite low and no changes were evident over the last few years. A few developments had experienced an increase in turnover, but managers maintained that these changes were unrelated to welfare reform. The increases, where they occurred, were instead due to stepped-up evictions as new managers came in and tried to clean up projects and crack down on problem tenants. And CDC staff members were unconcerned about the future. Out of 24 CDCs, staff at only one reported that they expected increases in turnover or vacancy rates as a result of welfare reform. In the focus groups, tenants also perceived turnover rates to be very low, especially given the current housing market. "The only apartment I've seen vacant was from people that got thrown out for whatever reason. I would like to know does people volunteer to leave? It's very hard to find an apartment like this."

**Aggregate changes in CDC Income and Expenses.** The data we have collected indicate that there has been little systematic change in either rental income or expenses of the CDCs in the study that is attributable to welfare reform. CDC staff universally denied that they had witnessed any financial impacts as a result of welfare reform. (Only one CDC director out of all of our many respondents said that they might be beginning to feel some impacts.) Moreover, only a handful of CDC staff anticipate financial impacts due to welfare reform in the future. Of the 24 CDCs in the study, staff members at only three expected impacts in the future.

More specifically, CDC staff could point to only a handful of instances of tenants on welfare who had lost benefits, and even fewer still who were late on their rent payments as a result. In most cases, these tenants either had a Section 8 subsidy (and therefore the CDC still received the same rent) or they were able

to make up income through other sources. CDC property managers could point to many more cases of tenants becoming employed. Yet this growth in employment does not seem to have had any perceptible impact on rent collections. Similarly, we could find no evidence of changes in expenses in recent years. One might expect the increase in employment to lead to reductions in maintenance expenses, since fewer tenants are now home during the day. As one tenant put it, "Instead of having more people sitting in the halls, and laying around and everything, there's fewer people now because now you've got more people working." But despite this evident change in the environment, we found no reduction in total expenses and no change in accounts payable.

Table 13a shows the average net operating income (NOI) for the projects for which we have data from 1994 through 1999. As shown, the average dollar amount has drifted up from 1996 by $22,647 or approximately 53 percent. (This amounts to an average annual increase of 15 percent.) When we hold the sample constant, as in Table 13b, we again see a similar story. Thus, far from experiencing financial difficulties in the post-welfare reform era, the financial performance of our selected projects appears to be improving. Admittedly, Table 13a shows a more dramatic increase in the two years prior to welfare reform (1996). But when we consider only those 15 projects for which we have complete data from 1994-1998, we actually see a decline in NOI during the 1994-1996 period, followed by a dramatic increase in the 1996-1998 period. In short, while there is little here to suggest much of an impact either way, CDC projects appear, if anything, to have grown more financially sound since 1996. Virtually all of our respondents attributed any positive changes they saw to the favorable economy, rather than to welfare reform.

**Table 13a**
**Average Net Operating Income for CDC Projects, by Year, Changing Sample**

| | *1999* | *1998* | *1997* | *1996* | *1995* | *1994* |
|---|---|---|---|---|---|---|
| | $65,392 | $88,306 | $37,029 | $42,745 | $29,665 | $14,408 |
| N | 14 | 37 | 31 | 30 | 21 | 15 |

*Note*: Dollar values are nominal.

**Table 13b**
**Average Net Operating Income for CDC Projects, by Year, Constant Sample**

| | *1998* | *1996* |
|---|---|---|
| | $90,877 | $41,399 |
| N | 29 | 29 |

*Note*: Dollar values are nominal.

It is no doubt true that the full effects of welfare reform have not yet been felt. Five years after welfare reform, when time-limits begin to take hold, we will perhaps begin to see more of an impact. Alternatively, it may be that the financial status of CDC housing is likely to be fairly insulated from the effects of the welfare reform law, even after five years. As discussed more fully below, the share of CDC tenants in the developments we studied who receive TANF is relatively small, and the majority of those who do also receive Section 8 subsidies that will buffer the CDC from any loss of benefits or income.

## Quality of Life in Surrounding Neighborhoods

We found that many of the community development corporation staff members and other local respondents that we spoke to were quite concerned about the impact of welfare reform on the communities surrounding their housing developments. In some cases, they viewed the economy of the local area as largely sustained by public assistance. Their chief worry was that local stores would suffer due to diminished income among public assistance recipients. They also worried about potential increases

in crime, vandalism, drug use, and other social problems that tend to accompany poverty.

To measure such changes, we asked respondents to tell us whether they had heard reports of or witnessed changes in a variety of negative and positive behaviors since welfare reform was enacted. We asked for instance about drug dealing, homelessness, substance abuse, vandalism, assault, theft, prostitution, gang activity, employment, child care, and community organizing. Table 14 shows the average share of CDC respondents who reported increases and decreases in selected behaviors. In practice, we have seen little evidence of the changes feared by CDC staff and local respondents. In fact, to the extent our respondents reported any neighborhood changes, these changes have tended to be positive.

The most consistent change has been that more people are working, so that neighborhoods have more of "a working class flavor." Half of CDC respondents reported increases in local employment, and most respondents attributed this increase in employment at least partly to welfare reform. In addition, one quarter reported increases in the availability of family child care and just under 30 percent reported increases in networking and community organizing.

CDC respondents were also more likely to report decreases than increases in crime and violence. As shown in Table 14, a greater share of CDC respondents reported decreases in drug dealing, vandalism, assault, theft, and prostitution than reported increases in these categories of crime. And official crime data support these perceptions. We collected crime statistics for most of the neighborhoods or precincts surrounding the CDC areas. According to this data, more than half (57 percent) of our CDC neighborhoods experienced decreases in reported crime since the enactment of welfare reform in 1996. Only one-fourth of the neighborhoods experienced increases in reported crime.

We heard mixed evidence about crime from the focus groups. While respondents in some neighborhoods also noted a

decrease in illegal activities, others reported a rise. And there was some disagreement about the degree to which this rise — where it was reported — could be attributable to welfare reform. Some suggested that community residents may be turning to prostitution and selling drugs to make up lost income from welfare, but some were unwilling to draw this connection. As one tenant told us, "welfare reform didn't make anybody go off to sell their body."

While respondents were generally positive and optimistic about their neighborhoods, Table 14 does suggest three negative changes. First, more than half of respondents reported that they had witnessed an increase in homelessness since welfare reform, while under 10 percent reported a decrease. Similarly, 27 percent reported an increase in food bank use, while only 2 percent reported a decrease. The presence of unsupervised youth was the third area. Across our CDCs, 44 percent of respondents reported an increase in unsupervised youth, compared to just 17 percent reporting a decrease.

The problem of unsupervised youth came up repeatedly in our focus groups as well. As one tenant put it, "The biggest issue is that the kids have no place to go while parents are working." Others suggested a link to growing crime: "They need more activities for the kids. I mean a lot more because they turned out, hanging out, on the streets. Since [welfare reform], I have seen more young black males hanging on the street. And there have been more robberies, you know." One woman blamed welfare reform for a broader problem of the loss of community or social capital as less time was spent socializing informally with neighbors. Nevertheless, no CDC staff and neighborhood informants reported any decline in community solidarity. And some 30 percent reported that community organizing was increasing.

**Table 14**
**Average Percentage of CDC Informants Reporting Changes in Behaviors of Neighborhood Residents Since Welfare Reform[39]**

| | *Average Percent Reporting Increases in Behavior* | *Average Percent Reporting Decreases in Behavior* |
|---|---|---|
| Homelessness | 52.5% | 9.5% |
| Food bank use | 27.0% | 2.4% |
| Substance abuse | 6.6% | 15.5% |
| Drug dealing | 8.3% | 31.4% |
| Domestic violence | 7.9% | 4.2% |
| Vandalism | 7.2% | 21.6% |
| Assault | 4.2% | 29.6% |
| Theft | 15.2% | 23.4% |
| Prostitution | 6.9% | 29.0% |
| Unsupervised youth | 43.8% | 16.9% |
| Youth gang activity | 4.2% | 4.8% |
| Staying in school | 13.7% | 0% |
| Employment | 50% | 4.2% |
| Family child care | 24.1% | 0% |
| Other kinship networking | 28.6% | 0% |
| Community organizing | 29.4% | 0% |

## The Management Practices of CDCs

The advent of welfare reform might be expected to cause CDCs to modify their management practices. In some instances, the organizations may change their formal rules; in other cases the CDCs may retain their existing rules, but either increase or decrease enforcement. For example, CDCs might seek to minimize the risk of disruption of rental income by not offering housing to applicants who are not working, who are at risk of unemployment, or who are already receiving public assistance. To the extent that the CDCs do admit these very low-income applicants, they may require them to have some form of subsidy such

39 Note that these averages were calculated by averaging the percentages across CDCs, even though we may have spoken to more informants in some CDCs than in others.

as Section 8 vouchers that would replace lost income. Alternatively, CDCs might not change their income requirements, but may screen tenants much more carefully.

CDCs might also change their practices with respect to nonpayment of rents. Because some proportion of tenants on public assistance are likely to lose their benefits, either because of sanctions for failure to participate in required work/training programs or because of time limits on receipt of benefits, CDCs might tighten up on their rent collection and eviction policies. Some CDCs might well respond to the welfare reform-induced financial straits of their tenants in a diametrically opposite way — by granting grace periods on rent, reducing rents, or moving tenants to cheaper apartments.

Welfare reform might also be expected to lead to an increase in "doubling up" among tenants of CDCs. Tenants who have lost resources as a result of sanctions or time limits might seek to earn additional income by taking in boarders. Alternatively, those tenants not receiving public assistance and those whose public assistance benefits are secure may nonetheless have family members who have lost their own benefits and need housing. Given the added demands that doubling up places on the physical plant and on utility consumption, CDCs might be expected to tighten up their rules limiting occupancy to authorized tenants.

Table 15 shows the criteria CDCs use to choose tenants. Typically, the most important criterion utilized by the organizations in their admission decisions is income. Of the 24 CDCs in our study, 23 used household income as one of their admission criteria. In many instances, income requirements are spelled out by their funders and/or by the government programs through which the housing they build is subsidized. The next most frequent criteria (in order of frequency) were credit history, employment history, and criminal history. Receipt of public assistance was at the bottom of the list of admissions criteria and it could cut both ways. In some instances, government programs require admission of particularly needy households and thus

welfare receipt would be helpful to a household in gaining admission. On the other hand, some CDCs seek to avoid recipients of public assistance. This aversion to public assistance families is typically justified on the ground that their incomes are not sufficient to permit them to afford the CDC's rents.

To date, few of the CDCs in our study have altered their management practices in response to welfare reform. Five of the CDCs indicated that they had recently tightened selection criteria, but none of these groups attributed the more stringent standards to welfare reform. This finding was supported by the focus group participants in each city. Of the CDCs that we studied, only three reported that they were considering changes to their admissions procedures. Among these groups, a preference for working families was contemplated. Yet none of the groups contemplating tightened admissions standards indicated these changes were attributable to welfare reform.

Thus far, the overwhelming majority of CDCs in our study have not experienced significant increases in rent delinquency that are attributable to welfare reform.[40] This may explain our finding that only 6 of the 24 CDCs studied had tightened their policies on rent arrears. Four CDCs indicated that they planned to tighten rent collection policies in the future, although only one of these groups attributed the planned change as attributable to welfare reform.

Even among those groups that did report the loss of income by some public assistance tenants due to welfare reform sanctions or time limits, most CDCs indicated that they approached eviction as a last resort. Twenty of the 24 CDCs reported that they had evicted a household recently. However, none of the CDCs linked any of the evictions to a lack of rent-paying ability attributable to welfare reform. In instances where tenants had

40 Indeed, as set forth above, some groups reported that more tenants were working than ever before. This increase in employment might be attributable to the booming economy that most cities experienced at the time of the study or to incentives to work and welfare-to-work initiatives that were created in connection with welfare reform.

been sanctioned or otherwise lost their TANF benefits and were unable to pay rent, some CDCs accepted reduced rents for a time. Others sought to work with the tenants or refer tenants to organizations that could help them reinstate benefits or obtain employment.

Finally, with respect to doubling up, virtually all of the CDCs in the study had policies against such practices. Although several of the CDCs indicated that it was extremely difficult to police over-occupancy, they did not report an increase in doubling up in the years since welfare reform was enacted.

**Table 15**
**Admissions Criteria**

| *Admissions Criterion* | *Number of CDCs Utilizing Criterion For Admission* |
|---|---|
| Income | 23 |
| Credit History | 22 |
| Employment Status | 17 |
| Criminal History | 17 |
| Work History | 12 |
| Community Referral | 10 |
| Neighborhood Preference | 9 |
| Tenant/Relative Referral | 9 |
| Participation in CDC Program | 9 |
| Public Housing Preference | 8 |

## Beyond Housing: Programmatic Changes and Adaptations

One might imagine that CDCs, even those that house relatively few public assistance recipients, would respond to welfare reform with an array of programmatic innovations ranging from child care to economic development. Some CDCs would be seeking to minimize the risk of disruption to their own tenants; others might view these initiatives as a part of their broader commitment to community development. Indeed, some CDCs might

even view welfare-to-work initiatives as opportunities to earn revenue that could be used to fund the groups' core activities.

Several of the CDCs in our study have launched a variety of nonhousing initiatives designed to provide social services or economic development opportunities for the tenants in their buildings as well as for residents of the surrounding neighborhoods. In some instances, these programmatic changes were at least partially in response to welfare reform. However, much more frequently, these activities predated welfare reform or had no direct cause and effect relationship with the passage of the PRWORA. Set forth below are some of the types of activities related to welfare reform that the groups in our study have engaged in:

a. **Job Training**. Several groups have created programs to provide tenants and other neighborhood residents with skills necessary to obtain jobs. For example, one CDC has created a Culinary Training Program that seeks to provide enrollees with marketable skills.

b. **Job Search.** A significant number of the groups studied provide some form of assistance to residents seeking jobs. One CDC set up a job referral service with support from the Local Initiatives Support Corporation. Another invited employers to come to the development for a series of on-site job interviews. Several CDCs provided assistance in resume writing.

c. **Computer Skills.** Several of the developments housed computer resource centers. Frequently, residents were provided with training classes. One of the CDCs has created a Technology Center with start-up support from the Enterprise Foundation. The Center will provide instruction in computer skills to a wide cross-section of the community.

d. **Intensive Case Management.** One collaborative group of CDCs has developed a "Managed Care Program" designed to assist hard-to-serve public

assistance recipients obtain full-time employment. Another CDC has taken the lead in creating a partnership among eight local agencies to provide assistance to households with limited English abilities.

e. **Child Care.** A substantial number of CDCs provided some form of child-care services to residents. In most instances, the services were not administered by the CDC itself, but by a separate organization that leased space in its buildings. One CDC created a program that encouraged over 30 women residents to provide day-care services within their homes.

f. **Commercial Development.** A small number of the groups studied were actively engaged in business development. For example, one group formed a construction company; another is planning to open a catering establishment. One innovative organization created a microenterprise program to fund and incubate start-up companies. Typically, these business entities hire at least some of their employees from the CDC's tenant population.

g. **Hiring Tenants.** Some CDCs make it a point to recruit their own workforce from the ranks of their tenants. For example, one CDC hired tenants to work in its construction company. Another CDC prides itself on hiring tenants to work as porters, superintendents, and members of its clerical staff.

h. **Tenant Education About Welfare Reform.** Some CDCs have held forums for tenants and community groups to explain welfare reform and the challenges it will create. Some groups have not held formal events, but have nonetheless provided information in the form of leaflets or pamphlets.

Despite the existence of a variety of programs and services at some CDCs, it should be emphasized that most of these initiatives were not implemented in response to welfare reform. Indeed, Table 16 indicates the rather modest increase in programs CDC officials say they have created to prepare their tenants for welfare reform. Informational meetings about welfare reform were the most common initiative of CDCs followed by job referrals. Nine CDCs reported that they held these meetings with tenants; 7 CDCs created job referral networks in response to welfare reform. At the bottom of the list were economic development initiatives and social service referrals.

**Table 16**
**Programmatic Responses of CDCs to Welfare Reform**

| *Programmatic Response* | *No. of CDCs Reporting Response* |
|---|---|
| Informational meetings about welfare reform | 9 |
| Job referral | 7 |
| Social services | 6 |
| Education | 5 |
| Job training | 4 |
| Computer skills training | 4 |
| Hiring preferences for welfare recipients | 3 |
| Child care | 3 |
| Economic development | 2 |
| Social service referrals | 2 |

There may be a number of reasons for the limited programmatic response of CDCs to welfare reform. Some CDC officials view their primary mission as being housing providers and believe that other local organizations and agencies are best equipped to deal with the educational or social service needs of their tenants. Even among groups that take a broader view of their roles, existing programs may be deemed to be sufficient. There may be a lack of perceived demand from tenants for a more ambitious set of programs. Table 17 shows the number of CDCs that reported requests for additional services from tenants. The low number of CDCs that perceive demand for these

services is rather striking. The service the largest number of CDCs felt tenants would want was child care. Yet only 5 groups indicated demand for this service. The next most common service requested was social service referrals.

Focus groups with tenants reinforced the absence of demand for extensive programmatic initiatives. Beyond the occasional request for enhanced day care or transportation, most tenants did not seem to expect their landlords to provide them with additional services. Indeed, among the tenants who participated in focus groups, very few were aware of any services that were being offered by their CDC beyond an occasional day care center or computer room. For social services and linkages to employment tenants typically looked elsewhere.

**Table 17**
**CDCs Reporting Tenant Demand for Increased Services**

| *Type of Service Requested* | *Number of CDCs Experiencing Request* |
|---|---|
| Child care | 5 |
| Social service referrals | 4 |
| Job referrals | 3 |
| Job training | 2 |
| Computer training | 2 |
| Education | 1 |
| Informational meetings | 1 |
| Economic development | 0 |
| Social services | 0 |
| Hiring preferences | 0 |

## Planning for the Future

Most of the CDCs in the study report relatively modest efforts to plan for the impact of welfare reform. However, a few groups have undertaken more significant needs assessments. Indeed, with assistance from an outside funding agency, one CDC conducted a study that sought to identify the characteristics of tenants, the range of services and basic skills they needed, and how

to design a set of services to meet those needs. This same organization hired a full-time welfare reform officer to design and initiate a welfare reform readiness program.

Some CDCs are also seeking to plan for the future through collective action. For example, one CDC that primarily focuses on housing development is an active participant in a community collaborative that includes task forces on welfare reform. In another city, CDCs in a citywide collaborative have made efforts to plan for welfare reform. Indeed, this network has created a four point strategy and has applied to the county in which it is located for funding. CDCs in other cities are also part of citywide advocacy groups that seek to influence government and obtain funding for welfare-to-work initiatives.

In terms of future programs to respond to the challenges of welfare reform, very few CDCs indicated that they planned major new initiatives. For example, one of the services many people believe must be provided to enable mothers to return to the labor force is child care. Nevertheless, only 3 of the 24 CDCs studied planned to increase their child care programs. Only one of these groups attributed the change to welfare reform. Somewhat more activity was planned with respect to employment programs. Eight CDCs indicated that they planned to increase their efforts in training and job referrals. Five of these groups indicated that welfare reform was the primary reason for these plans.

## The Housing of TANF Recipients

One of the most consistent findings of this study is that the CDCs selected for our study do not house large proportions of TANF recipients. In an effort to learn more about where these households live, we undertook two types of analyses. Periodic surveys by the Census Bureau of households throughout the nation and New York City enable us to obtain some statistical information about where public assistance recipients live and what their housing conditions are like. In addition, field associates in each of the six cities examined secondary data sources and inter-

viewed key informants to learn more about the housing of TANF households.

Before turning to these analyses, the National Survey of America's Families (a component of the Urban Institute research project on New Federalism) provides some useful background on the burden of housing costs for low-income families. The survey is administered to families in 13 states and aims to provide a comprehensive portrait of the well being of families, particularly low-income families.[41] In both 1997 and 1999, the survey asked families whether they had been unable to pay their mortgage, rent, or utility bills at any time during the previous year. In 1997, 28 percent of low-income families (those with incomes under 200 percent of the poverty level) reported experiencing such a hardship meeting housing costs.[42] Although the 1999 survey generally suggested that low-income families were better off in 1999 than they were in 1997 (as shown by improvements in employment, poverty status, and ability to afford food), the percentage reporting a hardship meeting housing costs was virtually identical in the two years.[43]

**1999 American Housing Survey.** Every two years, the Census Bureau conducts a national survey of approximately 50,000 homes. Included in the American Housing Survey (AHS) are a variety of questions about housing type, subsidy receipt and source of income. Unfortunately, the AHS does not enable us to isolate TANF recipients from those who also receive Social Security Supplemental Insurance (SSI). This latter group may also include some households who receive social security

41 The states included in the National Survey of America's Families are Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. More than half of the U.S. population lives in one of these 13 states.

42 Alyssa Wigton and David D'Orio, "Income and Hardship: Affordability of Housing," National Survey of America's Families, 1997 Snapshots of America's Families. Washington, DC: The Urban Institute. http://newfederalism.urban.org/nsaf/income_a4.html

43 Sheila Rafferty Zedlewski, "1999 Snapshots of America's Families II," National Survey of America's Families. Washington, DC: The Urban Institute. http://newfederalism.urban.org/nsaf/family~wellbeing.html.

retirement benefits (and who report receiving SSI). In the tables that follow, we compare households that receive TANF or SSI to all households. In an effort to further approximate the population of TANF residents, we also report results for TANF and SSI recipients who have children living in their households.[44]

As Table 18 indicates, between one-quarter and one-third of all TANF/SSI recipients (both those with and without children) receive some form of housing assistance. The rate of housing assistance receipt among these households is roughly five times that of the general population. However, the overwhelming majority of public assistance recipients in the United States receive no form of housing assistance. Over one-third (36.3 percent) of TANF/SSI households and 41.4 percent of TANF/SSI households with children live in unassisted housing in the rental sector. An additional 32.4 percent of TANF/SSI recipients and 26.7 percent of TANF/SSI recipients with children own their homes.

Rental burdens for TANF/SSI recipients in unassisted housing are often excessive. Among public assistance recipients who are tenants in unassisted housing, 36.3 percent have severe affordability problems (i.e., rents in excess of 50 percent of household income). Unsurprisingly, the incidence of affordability problems among TANF/SSI recipients is much higher than among the general renter population (15 percent). These relatively higher rent burdens of TANF/SSI households are likely attributable to the disproportionately low income of these families.

As Table 19 indicates, TANF/SSI recipients are also more likely to live in poor quality housing than other households. Approximately 15 percent of TANF/SSI recipients live in moderately or severely inadequate housing, as compared to under 7 percent of all households. Similarly, Table 20 shows that rates of overcrowding among TANF are much higher than among all households. Tables 19 and 20 also suggest that housing assis-

44 The total number of households in the 1999 American Housing Survey sample is 46,589 households. Of these, 2,368 receive TANF or SSI. By comparison, 1,192 households receive TANF or SSI and have children present in the household.

**Table 18**
**Distribution of Households by Housing Type (Percent)**

| *Housing Type* | *All Households* | *Households Receiving TANF/SSI* | *Households with Children Receiving TANF/SSI* |
|---|---|---|---|
| Assisted renters | 5.68 | 28.43 | 28.96 |
| Unassisted renters | 26.34 | 36.32 | 41.44 |
| Renter, subsidy not reported | 1.05 | 2.85 | 2.87 |
| Homeowners | 66.9 | 32.4 | 26.73 |
| Number of households | 46,589 | 2,368 | 1,192 |
| Number of households (weighted) | 102,800,000 | 5,010,817 | 2,501,922 |

*Note:* Frequencies based on weighted data, using weights provided by Census Bureau.

**Table 19**
**Percent of Households Living in Moderately or Severely Inadequate Housing**

| *Housing Type* | *All Households* | *Households Receiving TANF/SSI* | *Households with Children Receiving TANF/SSI* |
|---|---|---|---|
| Assisted renters | 11.28 | 13.14 | 14.60 |
| Unassisted renters | 11.67 | 20.25 | 17.55 |
| Renter, subsidy not reported | 12.24 | 21.68 | 11.34 |
| Homeowners | 4.25 | 11.41 | 11.04 |
| Total Household | 6.69 | 15.41 | 14.78 |
| Number of households | 46,589 | 2,368 | 1,192 |
| Number of households (weighted) | 102,800,000 | 5,010,817 | 2,501,922 |

*Note:* Frequencies based on weighted data, using weights provided by Census Bureau.

**Table 20**
**Percent of Households Living in Crowded Housing (>= 1.5 persons/room)**

| *Housing Type* | *All Households* | *Households Receiving TANF/SSI* | *Households with Children Receiving TANF/SSI* |
|---|---|---|---|
| Assisted renters | 1.10 | 1.99 | 3.56 |
| Unassisted renters | 1.68 | 5.26 | 8.40 |
| Renter, subsidy not reported | 2.29 | 5.20 | 4.26 |
| Homeowners | 0.24 | 1.59 | 3.85 |
| | 0.69 | 3.14 | 5.66 |
| Number of households | 46,589 | 2,368 | 1,192 |
| Number of households (weighted) | 102,800,000 | 5,010,817 | 2,501,922 |

Note: Frequencies based on weighted data, using weights provided by Census Bureau



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tance helps to improve housing conditions. Public assistance recipients who receive housing subsidies are less likely to live in poor quality housing and in overcrowded conditions than those who do not. Approximately 13 percent of TANF/SSI recipients (14.6 percent of TANF/SSI recipients with children) living in subsidized housing experience moderate or severely inadequate living conditions. This compares with 20.3 percent of unassisted TANF/SSI households and 17.6 percent of unassisted TANF/SSI households with children. Even wider disparities exist with respect to severe overcrowding.

**1999 New York City Housing and Vacancy Survey.** Every three years, the Census Bureau conducts a survey of approximately 17,000 households in New York City. This survey, the Housing and Vacancy Survey, is commissioned by the City of New York. As Table 21 indicates, slightly more than one in ten New York households receives some form of housing assistance. Among TANF recipients the assistance rate jumps to 50.1 percent. Just over one in five households that receive TANF live in public housing; 2.5 percent live in city-owned tax foreclosed ("in rem") housing and approximately a quarter live in the subsidized private sector (e.g., Section 8 developments, vouchers, CDC housing). Nearly half of TANF/AFDC recipients rent apartments or homes with no assistance, and less than 3 percent own their homes.

In terms of affordability, Table 22 shows that a full 65 percent of TANF households in unassisted housing pay more than 50 percent of their income for rent. This compares to 36 percent of public assistance households nationwide and to 24 percent of all households in New York City. The extremely high rent burdens among TANF households in both subsidized and unsubsidized housing is, no doubt, a reflection of the tight housing market in New York City. Even with the state shelter allowance that TANF recipients receive ($286 per month for a household of three), most are unable to afford housing in the private market. Indeed, nearly 90 percent of TANF households liv-

ing in unsubsidized housing face rents that are higher than the shelter allowance.

**Table 21**
**Distribution of Households by Housing Type in New York City (Percent)**

| *Housing Type* | *All Households* | *Households Receiving TANF/AFDC* |
|---|---|---|
| **Assisted Renters:** | | |
| Public Housing | 5.9 | 22.8 |
| In Rem Housing | 0.5 | 2.5 |
| Other Subsidized | 4.9 | 24.8 |
| Total Assisted | 11.3 | 50.1 |
| **Unassisted Renters:** | | |
| Rent Controlled | 1.8 | 0.8 |
| Rent Stabalized | 33.0 | 34.7 |
| Other Regulated | 2.8 | 2.5 |
| Unregulated | 19.2 | 9.1 |
| Total Unassisted | 56.8 | 47.1 |
| **Owners:** | | |
| Total Owners | 31.9 | 2.8 |
| Number of Households (weighted) | 2,868,415 | 119,848 |

Note: Frequencies based on weighted data, using weights provided by Census Bureau.

With respect to housing conditions, the incidence of severely inadequate housing was roughly equal among unsubsidized and subsidized TANF recipients (12.9 percent v. 12.5 percent, respectively).[45] Nevertheless, wide disparities in severe overcrowding between the two groups suggest that unassisted TANF recipients live in smaller apartments, on the whole, than those who live in subsidized dwellings. In all instances, the incidence of housing hardships among the TANF population was significantly higher than among all households in the city.

45 Severely inadequate housing is defined differently from the AHS Sample. A severely inadequate housing is one that has five or more housing maintenance deficiencies. These maintenance deficiencies include toilet breakdowns; heating breakdowns; inadequate heat; the presence of rats; leaks from the outside; cracks or holes in the floor, walls, or ceilings; and wide areas of broken plaster on the walls.

**Table 22**
**Percent of Households in New York City Paying 50 Percent or More of Income for Rent**

| *Housing Type* | *All Households* | *Households Receiving TANF/AFDC* |
|---|---|---|
| **Unassisted Renters:** | | |
| Rent Controlled | 29.37 | 0.00 |
| Rent Stabilized | 23.79 | 68.36 |
| Other Regulated | 24.77 | 45.24 |
| Unregulated | 19.01 | 57.20 |
| Total Unassisted | 22.42 | 65.09 |
| All Renters | 24.27 | 54.50 |

*Note*: Frequencies based on weighted data, using weights provided by Census Bureau.

## Responses From the Field

In response to questions about where TANF recipients lived, key respondents in the six study cities gave a variety of responses. All responded that CDC housing was a limited resource. This was because of its relatively small numbers and because existing subsidies did not allow CDCs to charge rents that were affordable to more than a relatively small proportion of TANF recipients.

In Chicago, it was estimated that about one-fifth of TANF recipients lived in subsidized housing with the remainder finding homes in the unsubsidized stock. Among this latter group, communal living arrangements with three or four single mothers renting a house or extended family living arrangements were said to be common. In Cleveland, public housing was a major resource for TANF recipients. In Minneapolis, households that receive public assistance typically live in private, unassisted housing, receive Section 8 certificates, or live in public housing. In San Francisco, a 1997 study indicated that 18 percent of TANF households lived in public housing, 6.4 percent lived in HUD-assisted units, 20 percent lived in Section 8 housing, and 2.2 percent lived in nonprofit, tax credit projects. The remainder lived in the unassisted private sector.

## Assessing the Response of CDCs to Welfare Reform

CDCs have engaged in a variety of activities in response to welfare reform. But it would be inaccurate to suggest that the typical CDC in our study is responding to welfare reform in a sustained or significant fashion. Indeed, most of the CDCs in our study do not provide significant welfare-to-work services, nor have they engaged in strategic planning around the set of issues concerning welfare reform. Some make use of referrals to other community agencies. Those CDCs that provide the services themselves typically indicated that they did so for reasons that have little to do with the advent of welfare reform.

A number of reasons exist for the apparently — and unexpectedly — limited response of CDCs to welfare reform. First and foremost, as described above, the CDC projects included in this study do not generally house large numbers of public assistance recipients and they are relatively insulated from negative financial impacts from those TANF recipients they do house. As shown above in Table 8, 13 percent of tenants received TANF in the median project in our sample. Therefore, for those groups that view their primary responsibility as housing, they do not need to take steps to accommodate welfare reform since they have been and are likely to be relatively unaffected. There is unfortunately no source of information on TANF status for the universe of CDC tenants around the country through which to gauge the extent to which our projects are representative. One recent HUD study looking at 22 nonprofit, Low Income Housing Tax Credit projects in five cities suggests that our developments are fairly representative. The study reports that just 11 percent of their sample of tenants receives income from TANF. And many of these households also receive Section 8 assistance.[46]

46 Larry Buron, Sandra Nolan, Kathleen Heiz, and Julie Stewart, "Assessment of the Social and Economic Characteristics of LIHTC Residents and Neighborhoods," Task Order 013, Prepared for the U.S. Department of Housing and Urban Development, February 28, 2000.

CDCs often utilize the Low Income Housing Tax Credit (LIHTC) program to develop their affordable housing. The subsidies provided by the LIHTC are not sufficiently deep to generate housing that is affordable to families on public assistance. Qualifying tenants are required to earn less than 60 percent of the area median (or, in some cases, 50 percent). In New York City, for instance, the median income in 1999 was $53,400, so qualifying tenants may earn up to $32,000, and rents may run as high as $800 per month. This is far beyond the $286 per month that a TANF recipient with two children currently receives for shelter.[47] (The full grant that a TANF recipient with two children receives is $577 per month, putting her earnings at roughly 13 percent of the area median income.) Indeed, one Executive Director noted that there were applicants on the waiting list who were working full-time but who could not afford the tax credit rents, as the rents exceed 30 percent of their income. This was particularly frustrating to her, since in some cases these applicants were paying rents above the tax credit rents for their market-rate apartments.

And this is not simply an issue in New York City — the LIHTC was clearly not designed to produce housing that is affordable to the very poor, at least not without considerable additional subsidies. Cummings and DiPasquale (1999) find that LIHTC rents are 9 percent lower than the average rent for the nation, much too high to be affordable to families on public assistance.[48] Using the $436 median LIHTC rent (1996 dollars) reported by Cummings and DiPasquale, for instance, and assuming that tenants pay no more than 30 percent of their income for rent, a household would have to earn at least $17,440 or about 48 percent of the national median household income. By contrast,

47 Under the *Jiggetts* litigation, TANF recipients in New York City who are threatened with eviction may receive a supplemental shelter allowance. The current maximum — $650 for a family of three — is still below the rents charged by several CDCs.

48 Average rent reported in the 1995 American Housing Survey. Cummings, Jean, and Denise DiPasquale. 1999. "The Low Income Tax Credit: An Analysis of the First Ten Years." *Housing Policy Debate* 10 (2): 251-308.

the average state in 1996 provided $4,724 in TANF benefits for a single parent with two children. Even the most generous state — Alaska — only provided an annual grant of $11,076. [49]

Many CDCs do manage to cobble together subsidies in order to house tenants with lower incomes. A recent HUD report, for instance, surveyed tenants in 22 nonprofit-sponsored LIHTC developments in five cities and found that a full 41 percent earned less than 30 percent of the area median income, in part because of the use of Section 8 assistance. The study found that 31 percent of tenants in the developments received Section 8 assistance.[50] A 1997 GAO report estimates that in 1996, 39 percent of LIHTC households received additional rental assistance, while a full 71 percent benefited from some type of housing assistance in addition to tax credits.[51] (The average reported income of households in properties with rental assistance was about half of the average income of households without rental assistance, suggesting that these subsidies primarily benefit lower-income households.) These subsidies often provide the CDC with the added benefit of insulation against interruption in tenant incomes. In our sample, the majority of tenants on TANF typically received Section 8 subsidies or other direct, rental subsidies. Section 8 subsidies are a telling example. In this case, even if tenant incomes fall, the rent flowing to the CDC will remain the same. HUD will simply have to make up the difference. The operating reserves required for the program also provide some insulation for CDCs. Finally, at least in New York, the state has agreed to continue to provide shelter allowances by di-

49 Gallagher, L. Jerome, Megan Gallagher, Kevin Perese, Susan Schreiber, and Keith Watson. "One Year After Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997." Washington, DC: The Urban Institute, 1998.

50 Larry Buron, Sandra Nolan, Kathleen Heintz, and Julie Stewart, "Assessment of the Social and Economic Characteristics of LIHTC Residents and Neighborhoods," Task Order 013, Prepared for the U.S. Department of Housing and Urban Development, February 28, 2000.

51 U.S. General Accounting Office, *Tax Credits: Opportunities to Improve Oversight of the Low-Income Housing Program*, GAO/GGD/RCED-97-55, March 1997. (The study surveys projects placed in service between 1992 and 1994.)

rect voucher to landlords after recipients hit the five-year time-limit. Thus, CDCs are still likely to receive the shelter allowance amount from tenants who have stayed on public assistance for longer than five years.

Community development corporations control nontax credit housing as well. For example, a recent survey reported that urban CDCs attributed about 14 percent of their housing production to the federal HOME program, a housing block grant administered by the U.S. Department of Housing and Urban Development.[52] And, according to an evaluation of the HOME program: "More than one half of households with incomes at or below 30 percent of median income receive tenant-based rental assistance."[53] CDCs, in other words, are to some extent insulated from the risks of housing very low-income tenants in HOME-sponsored housing as well.

Sponsors of nontax credit housing developments also sometimes have project-based Section 8 subsidies or have secured tenant-based Section 8 subsidies for their tenants on public assistance. In general, many CDC staff told us that it was virtually impossible for them to house welfare recipients without Section 8 subsidies. Their incomes were simply too low to support the project rents. Thus, these projects also appear to be relatively well insulated from the impact of declining incomes. In New York City, however, several CDCs house TANF recipients without Section 8 subsidies. But these are generally tenants who were in place when the CDC took over city-owned housing and the City has promised to provide operating subsidies to make up the shortfall in rents.

In addition to the fact that most of the CDCs studied do not house large TANF populations, another reason for the limited impact of welfare reform is that although the program took effect at a specific point in time (1996), its impacts were not felt si-

52 NCCED, supra, 16.

53 "Expanding the Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnership Program," U.S. Department of Housing and Urban Development, March 1, 1999.

multaneously or in the same way by individuals making up the welfare population. As one of our field associates observed, "[w]elfare is about a collection of individual responses playing out over many years as recipients adapt, or fail to adapt, to the new realities. For CDCs, therefore, welfare reform has not meant a sudden and inexorable change in circumstances for all of their tenants on welfare. Rather, CDCs have tended to adapt to individual cases instead of shaping institutional responses to welfare reform."

For the substantial number of CDCs in our study that either engage in a variety of nonhousing activities or that take a broader view of their mission to include community development, many were already providing the types of services that might be thought of as responding to welfare reform. Therefore, these groups do not identify the passage of PRWORA as necessarily related to their efforts to provide job training, child care, or other social services. Furthermore, a number of groups do not believe that they should be duplicating services that are already available in the community. Thus, these CDCs will primarily make use of referrals to ensure that their tenants receive needed services.

Two other reasons may explain some of the lack of CDC activity with respect to welfare reform. First, although several CDCs have used internal funds to initiate skills training or job referral programs, most would need to seek out additional sources of funding to create new programs. In today's funding environment, although more funding is available for welfare-to-work initiatives, there is also typically substantial competition for these revenues. Finally, there is some question about whether the demand for certain services exists. More than one CDC official expressed the view that people in her community were in denial about welfare reform. Attendance at sessions to explain the changes in public assistance programs or to provide skills training services were frequently reported as sparse. Thus, even those CDCs with the resources to expand welfare-to-work initiatives may need to spend greater energy educating their

public assistance tenants as well as other community residents to the need to prepare for the impending impact of welfare reform as time limits under PRWORA approach.

## Contributors

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Richard P. Nathan is Director of the Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York. Prior to coming to Albany, Nathan was a professor of public and international affairs at Princeton University, and before that a Senior Fellow at The Brookings Institution. His government service includes associate director for the National Commission on Civil Disorders (Kerner Commission), director of domestic policy research of the national campaigns of Nelson A. Rockefeller, assistant director for the U.S. Office of Management and Budget, and deputy undersecretary for welfare reform of the U.S. Department of Health, Education and Welfare. His books include *Implementing the Personal Responsibility Act of 1996: A First Look* (Rockefeller Institute Press, 1999 with Thomas L. Gais), *Turning Promises Into Performance* (Columbia University Press, 1993), *The Administrative Presidency* (MacMillan, 1983), *Reagan and the States* (Princeton University Press, 1987), and *Social Science in Government* (Rockefeller Institute Press, 2000; Basic Books, 1988). He currently serves as an advisor to the U.S. General Accounting Office.

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# COMMUNITY DEVELOPMENT CORPORATIONS AND WELFARE REFORM:

## Linkages, Roles, and Impacts

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